

CONFIDENTIAL.

(9743.)

PART XXII.

FURTHER CORRESPONDENCE

RESPECTING THE

AFFAIRS OF PERSIA.

April to June 1910.

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158	" ..	185 Tel.	21,	Conversion of loans. Refers to No. 144. Question of surrender of revenues (see No. 171) ..	76
159	Mr. Ellinger	21,	Hormuz oxide. Telegram concerning shipment on "Pondo." Requests interference to prevent ..	76

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160	To Mr. Marling ..	108 Tel.	Apr. 21, 1910	Hormuz oxide. Should enquire whether Strick has shipped any, and why Muin's concession was cancelled ..	77
161	To Sir A. Nicolson ..	186 Tel.	21,	Persian loans. His Majesty's Government will note Russian reservation in No. 151, and inform any syndicate (see No. 168) ..	77
162	To Treasury ..	..	21,	Joint advance. Refers to Part XXI, No. 308. Transmits No. 68. Further advance (see Part XXI, No. 250) is indefinitely suspended ..	77
163	Mr. Ellinger ..	..	21,	Hormuz oxide. Refers to No. 139. Again requests that action be taken to prevent violation of Weir's rights (see No. 174) ..	77
164	" ..	..	21,	Hormuz oxide. Question of oxide shipped by "Pondo" (see No. 174) ..	78
165	Imperial Bank of Persia ..	..	21,	Lien on Gulf customs. Acknowledges No. 154. Comments. Transmits draft telegram to Tehran ..	78
166	Sir J. Mackenzie ..	..	22,	Amalgamation of debts. Telegram to Imperial Bank at Tehran concerning conditions and security ..	78
167	Mr. Marling ..	186 Tel.	22,	Attack on Mr. Bill. Refers to No. 140. Consuls consulted state no measure short of occupation of southern roads could ensure against repetition of incident. Suggests that squadron of cavalry should be maintained at Shiraz. Question of compensation (see Nos. 196 and 286) ..	79
168	Sir A. Nicolson ..	132 Tel.	22,	International syndicate and Persian loan. Refers to No. 161. Suggests that His Majesty's Government should not make any statement to any syndicate as to views of Russian Government until these have been officially communicated (see No. 163) ..	79
169	To Sir A. Nicolson ..	187 Tel. Confidential	22,	International Oriental Syndicate. Refers to No. 168. It would be unwise and difficult to discourage strong syndicate. Informs of redemption of loan ..	79
170	To Mr. Marling ..	109 Tel.	22,	Hormuz oxide. Hears that "Pondo" is loading. Should warn Persian Government ..	80
171	" ..	110 Tel.	22,	Advance to Persia. Refers to No. 158. Foreign conversion loan is impossible, as advance of His Majesty's Government cannot be repaid till 1924 without their consent. Have informed bank that Treasury will be recommended to postpone repayment of capital (see No. 188) ..	80
172	To India Office ..	..	22,	Persecution of Ismailis. Refers to Part XXI, No. 197. Transmits No. 60. Suggests approving Sir G. Barclay's proposal to abstain from farther representations (see No. 278) ..	80
173	To Director of Military Operations ..	Confidential	22,	Lieutenant Woolf. Replies to No. 135. No reason to refuse leave ..	81
174	To Mr. M. Ellinger	22,	Hormuz oxide. Refers to Nos. 163 and 164. His Majesty's representative has been instructed to protest concerning "Pondo." Comments on statement that "His Majesty's Government have taken no action" (see No. 194) ..	81

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177	Mr. Marling ..	187 Tel.	23,	Hormuz oxide. In view of illegality of Muin's contract, Weir's claim would be against him and not against Persian Government. Proposes to defer renewing protest on Weir's behalf (see Nos. 189 and 190) ..	82
178	" ..	188 Tel.	23,	Disturbances at Ardebil. Yprim has defeated Shahsevars ..	82
179	Sir G. Lowther ..	230	14,	Turco-Persian frontier. Has called attention of Minister for Foreign Affairs to matter in No. 27. Reports discussion concerning (see No. 235) ..	82
180	Sir A. Nicolson ..	192	15,	Germany and Persia. Details of conversation with the Emperor concerning interview of Sir E. Goschen with German Chancellor. His Majesty's opinion that Great Britain and Russia must hold closely together ..	83
181	" ..	200	18,	Lease of lands near Karun. Transmits explanatory memorandum and translations of Russian documents communicated by Dr. Dillon (see No. 318) ..	84
182	Sir E. Goschen ..	113	21,	Germany and Persia. Press comments on loan negotiations ..	89
183	M. Iavolsky to Count Benckendorff ..	..	25,	Turco-Persian frontier. Transmits information from Russian vice-consulate, Urumia ..	90
184	" ..	..	25,	General situation in Persia. Views of M. Poklewski concerning ..	90
185	Anglo-Persian Oil Company ..	..	23,	Payment to Bakhtiari khans. Acknowledges No. 176, and replies (see No. 200) ..	91
186	Imperial Bank of Persia ..	..	23,	Amalgamation of debts. Transmits telegrams concerning (see No. 201) ..	91
187	Mr. Marling ..	189 Tel.	25,	French loan to Persian Government. Option for four months of 8,000,000l. loan has been obtained by group represented by Maurice Cohen (see Nos. 203 and 210) ..	92
188	" ..	191 Tel.	25,	Conversion of debts. Refers to No. 171. Persian Government request that period for repayment may be extended to five years ..	92
189	" ..	192 Tel.	25,	Hormuz oxide. Refers to No. 177. Document on which Persian Government base their statement against Muin seems in order ..	92
190	To Mr. Marling ..	111 Tel.	25,	Hormuz oxide. Refers to No. 177. Comments on inconsistency between that and Part XII, No. 106. Enquires as to responsibility for information given to Abbas Kuli Khan. Refers to Part XXI, No. 86 ..	93
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194	Mr. Ellinger	..	25,	Hormuz oxide. Refers to No. 174 concerning oxide shipped by "Pondo" ..	94
195	" "	..	25,	Hormuz oxide. Refers to No. 175. Will call at Foreign Office to furnish particulars as to amount of oxide Weir may ship ..	95
196	To Mr. Marling	.. 112 Tel.	26,	Insecurity of Southern Persia. Refers to No. 167. Difficulty of sending cavalry to Shiraz. Compensation of 5,000 tomans should be demanded. Soulet-ed-Dowleh (see Nos. 217, 286, and 512) ..	95
197	" "	.. 113 Tel.	26,	Anglo-Persian Oil Company. Refers to No. 141. Money has probably already been paid over ..	95
198	To Count Benckendorff	..	26,	Turco-Persian frontier. Replies to No. 136. Is considering memorandum ..	95
199	Sir F. Bertie	.. 171	25,	Protection of Zil-es-Sultan. Refers to Part XXI, No. 459. Transmits further letter from Prince Bahram (see Nos. 252 and 388) ..	96
199*	India Office	..	26,	Guard at Bunder Abbas. Transmits telegram stating cost of additional guard ..	96*
200	Anglo-Persian Oil Company	..	26,	Payment to Bakhtiari khans. Refers to No. 185. Cheque was handed to representatives of khans on the 9th, and therefore cannot be paid at Tehran. Comments ..	96
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202	Mr. Marling	.. 193 Tel.	27,	Hormuz oxide. Refers to No. 190. Information derived solely from Muin. Protest on behalf of Weir renewed ..	97
203	Sir A. Nicolson	.. 135 Tel.	27,	Possible French loan to Persia. Refers to No. 187. M. Sazonov enquires whether international syndicate were in any way participating in project, and wishes to know views of His Majesty's Government (see No. 212) ..	97
204	To Lieutenant-Colonel Beddoes	..	27,	Advance by Messrs. Seligman. Replies to No. 156 ..	98
205	Anglo-Persian Oil Company	..	27,	Agreement with Sheikh of Mohammerah. Refers to Part XIX, No. 273. Presumes that secrecy is no longer necessary (see No. 319) ..	98
206	Imperial Bank of Persia	..	27,	Amalgamation of debts. Transmits further telegraphic correspondence (see No. 288) ..	98
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208	" "	.. 195 Tel.	28,	Conversion of Imperial Bank of Persia's advances. Draft agreement has been shown by manager and seems satisfactory. Suggests that calculation as to amount of annual instalment be also made in London (see Nos. 209 and 273) ..	99

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210	To Mr. Marling	.. 114 Tel.	28,	Proposed French loan. Refers to No. 187. Enquires as to proposed security (see No. 222) ..	100
211	" "	.. 115 Tel.	28,	Oil. Refers to No. 207. Sheikh's rights to be maintained as strongly as possible. Question of cashing of cheque for Bakhtiari (see No. 239) ..	100
212	To Sir A. Nicolson	.. 195 Tel.	28,	Proposed French loan. Refers to No. 203. International syndicate in no way participating ..	100
213	" "	.. 197 Tel.	28,	Turco-Persian frontier. To ascertain Russian view of Turkish reply to communication of the 13th April (see No. 225) ..	100
214	To Treasury	.. Confidential	28,	Inclusion of Anglo-Indian Government loans of 1903 and 1904 in amalgamation of debts of Persian Government. Summarises negotiations concerning (see No. 259) ..	100
215	India Office	..	28,	Assurances to Sheikh of Mohammerah. Replies to No. 131 ..	102
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217	Mr. Marling	.. 197 Tel.	29,	Attack on Bill and Soulet-ed-Dowleh. Refers to No. 196. Reference to Soulet's being entrusted with supervision of roads would be impolitic, and Persian Government should be informed that His Majesty's Government will increase escort if order is not soon restored (see Nos. 286, 404, and 506) ..	102
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219	" "	.. 199 Tel.	29,	Launch on Karun. Turkish Ambassador is representing to Persian Government that they were mistaken in allowing oil company to run launch on river. Comments on this (see Nos. 220 and 234) ..	103
220	To Sir G. Lowther	.. 82 Tel.	29,	Oil company's launch on Karun. Refers to No. 219. To call attention of Minister for Foreign Affairs to unwarrantable interference of Turkish Ambassador at Tehran ..	103
221	Lieutenant-Colonel Beddoes	..	29,	Loan to Persian Government. States scheme of Messrs. Seligman, and transmits letter from that firm to Lieutenant-Colonel Beddoes (see No. 245) ..	104
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223	" "	.. 201 Tel.	30,	Cabinet crisis and joint note. Refers to No. 218. Ultra-Nationalist Cabinet will probably be formed immediately. Proposes that strong action be taken as regards reply to note, and that moment for doing so be left to discretion of representatives at Tehran (see No. 242) ..	105

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225	Sir A. Nicolson ..	198 Tel.	30,	Turco-Persian frontier. Refers to No. 213. Requests summary of reply of Turkish Government by telegraph (see No. 243) ..	105
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228	To India Office	30,	"Habl-ul-Matin." Acknowledges No. 99, and concurs in proposal therein..	106
229	To Mr. J. Woolf	30,	Oriental syndicate. States attitude of His Majesty's Government to loan to Persia by. No promise was made to Messrs. Samuel and Levy that Russian Government would not be informed ..	106
230	Mr. Marling ..	203 Tel.	May 1,	Cabinet crisis. Reports return of Cabinet, with one change (see Nos. 242 and 477) ..	107
231	" ..	204 Tel.	1,	French loan. Refers to No. 222. Agreement between Persian Government and M. Cohen contains statement that French group will remove obstacles which Persia's conventions with other Powers may raise (see No. 505) ..	107
232	" ..	205 Tel.	1,	Oil. Company have had to close works owing to behaviour of Bakhtiari guard. Representations made..	107
233	" ..	206 Tel.	1,	Sheikh of Mohammerah and Turkish authorities. Reports bombardment of Zain. Strongly deprecates encouraging Turks to arbitrarily settle question. Submits that consuls at Mohammerah and Bussorah should bring about amicable solution on the spot (see Nos. 246 and 250) ..	107
234	Sir G. Lowther ..	68 Tel.	1,	Interference of Turkish Embassy at Tehran in negotiations concerning launch and barges on Upper Karun. Refers to No. 219 and Part XXI, No. 463. Minister for Foreign Affairs will instruct representative at Tehran to refrain ..	108
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236	" ..	260	27,	Turco-Persian frontier. Transmits despatch from His Majesty's acting vice-consul at Van with reference to movements of Kurds on frontier ..	109
237	Mr. Findlay ..	80 Confidential	27,	Russian action in Azerbaijan. Conversation with Assim Bey. Turkey suspicious of Russian action in Azerbaijan; would go to war to prevent Russian "penetration" of that province (see No. 339) ..	110
238	Board of Trade	30,	Joint loan. Board have received no information as to International Oriental Syndicate ..	110

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240	" ..	208 Tel.	2,	Hormuz oxide. Little chance of obtaining a concession owing to reluctance of National Assembly to grant such concessions (see Nos. 272 and 305) ..	111
241	To Mr. Marling ..	118 Tel.	2,	Sheikh of Mohammerah. Refers to No. 91. No assurances to be given to sheikh against Bakhtiari ..	111
242	" ..	120 Tel.	2,	Internal affairs of Persia. Refers to Nos. 223, 224, and 230. Reconstruction of Persian Cabinet. Danger of German loan for moment averted (see Nos. 248, 251, 263, and 271) ..	111
243	To Sir A. Nicolson ..	202 Tel.	2,	Turco-Persian frontier. Refers to No. 226. Turkish Minister for Foreign Affairs denies increase of troops on Turco-Persian frontier. Emphasises necessity of Turco-Persian frontier to delimit same ..	112
244	To India Office	2,	Joint advance. Transmits copies of correspondence between Foreign Office and Tehran Legation and Imperial Bank on amalgamation of Persian Government debts to His Majesty's Government and bank (see No. 279) ..	112
245	To Lieutenant-Colonel Beddoes	2,	Advance by Messrs. Seligman. Replies to No. 221. Attitude of His Majesty's Government (see No. 269) ..	113
246	Mr. Marling ..	209 Tel.	3,	Sheikh of Mohammerah and Turkish officials. Refers to No. 233. Vali of Bussorah has issued instructions to all officials to dismiss headmen dependent on sheikh. Comments on ..	113
247	Sir A. Nicolson ..	141 Tel.	3,	Turco-Persian frontier. Russian Government consider reply evasive, and propose mixed delegation should go to the spot to make enquiry (see Nos. 266 and 326) ..	113
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249	To Sir G. Lowther ..	86 Tel.	3,	Sheikh of Mohammerah and Turkish authorities. His Majesty's consul at Mohammerah to be instructed to do utmost for friendly settlement. Consul at Bussorah to be instructed in same sense (see No. 282*) ..	114
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252	To Sir F. Bertie ..	231	3,	Protection of Zill-es-Sultan. Replies to No. 119 ..	115

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254	" " ..	133	3,	Tehran-Khanikin telegraph line. Acknowledges and replies to No. 155 (see Nos. 382 and 414)	115
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258	India Office	3,	Attack on Mr. Bill. Transmits telegram to Government of India	117
259	Treasury	3,	Inclusion of Anglo-Indian loans in amalgamation scheme. Replies to No. 214 (see No. 276)	117
260	M. Isvolsky to Count Benckendorff	1.	4,	Right of Persian Government to contract loans with third parties. Suggests representations to Regent in view of recent Cabinet changes	118
261	Messrs. W. A. Crump and Son	..	Apr. 30,	Castelli. Castelli has succeeded in obtaining permission to inspect carpets	118
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263	Mr. Marling ..	210 Tel.	4,	Joint note. Refers to No. 242. Reply of Persian Government. Question of concessions. Attitude of Minister for Foreign Affairs (see No. 274)	119
264	To Mr. Marling ..	127 Tel.	4,	Audience with Regent. To take action as suggested in No. 267 when Russian Minister receives instructions	119
265	To Sir G. Lowther ..	90 Tel.	4,	Proposed enquiry respecting Turco-Persian frontier. To join Russian Ambassador in pressing Porte to accept suggestions in No. 266 (see No. 312)	119
266	To Sir A. Nicolson ..	206 Tel.	4,	Proposed enquiry respecting Turco-Persian frontier. Refers to No. 247. Russian Ambassador informed that we have no objection to the enquiry by mixed delegation	120
267	" " ..	208 Tel.	4,	Audience with Regent. Concurs in proposal contained in No. 248. Russian Ambassador informed accordingly	120
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270	Mr. Marling ..	211 Tel.	5,	Sheikh of Mohammedan and Turkish authorities. Telegram from His Majesty's consul at Bushkire, suggesting forcible representations to secure removal of vali, in view of British interests in grain and date-export	121
271	" " ..	212 Tel.	5,	Persian Cabinet. Refers to No. 242. Sanjed-Dowleh is Minister of Public Works	121
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273	" " ..	129 Tel.	5,	Persian Government's debts. Agrees to arrangement in Nos. 207 and 208. States conditions (see Nos. 273 and 293)	122
274	To Sir A. Nicolson ..	213 Tel.	5,	Persian reply to joint note. Refers to No. 263. Reply generally satisfactory. Suggests that Russian Government might join in encouraging friendly disposition of Persian Government. If further assurance satisfactory, might be suggested that it afforded excellent opportunity for recall of Kazvin forces	122
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276	To Treasury	5,	Anglo-Indian loans and amalgamation of debts. Replies to No. 259. Transmits No. 279	123
277	To Lieutenant-Colonel Beddoes	..	5,	Advance by Messrs. Seligman. Replies to No. 269	123
278	India Office	5,	Persecution of Ismailis. Refers to No. 172. Concurs in proposal to instruct His Majesty's Minister in Tehran to abstain from further representations unless Ismailis are again molested. Encloses diary by Major Sykes for week ending 26th February	123
279	" "	5,	Amalgamation of debts. Acknowledges No. 214. Lord Morley's view as to conclusion of Anglo-Indian loans	123
280	Mr. Marling ..	213 Tel.	6,	Internal loan. Medjilis have decided to raise loan of 5,000,000 tomans. European "Administrator of Public Debt" to be appointed, perhaps Rabino (see No. 284)	125
281	" " ..	214 Tel.	6,	Oil. Refers to No. 227. Sheikh has no objection	125
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283	To Sir G. Lowther ..	94 Tel.	6,	Sheikh of Mohammerah and Turkish authorities. Refers to No. 282*. To enquire facts. Unjustifiability of vali's conduct apparently confirmed by recent reports (see No. 294)	126
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285	Memorandum communicated to Mirza Mehdi Khan	6,	Conditions of advance. Informs of negotiations at Tehran concerning	127
286	To India Office	6,	Mr. Bill. Transmits Nos. 140, 167, 196, and 217. Sir E. Grey is disposed to concur in increase of Shiraz escort (see No. 360) ..	127
287	To Anglo-Persian Oil Company	6,	Oil works at Mohammerah. Mr. Marling reports that works have had to be almost completely closed down owing to behaviour of Bakhtiari guards. Representations are being made (see No. 335)	128
288	To Imperial Bank of Persia	6,	Amalgamation of debts. Refers to No. 268. His Majesty's Government agreed to inclusion of Anglo-Indian loans. States conditions (see No. 308)	128
289	Mr. F. C. Strick	5,	Hormuz oxide. Has instructed his agent to accept offer of Persian Government, provided His Majesty's Legation agree	128
290	Mr. Marling ..	215 Tel.	7,	Hormuz oxide. Refers to No. 272. Suggests procuring from Persian Government statements that Muin's concession lapsed in 1905, and that Strick's agent sign contract undertaking to assume responsibility towards Weir on faith of this (see No. 313)	129
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292	" ..	217 Tel.	7,	Hormuz oxide. Substance of telegram from Bushire as to possible combination between Tigrane Malcolm and Seyyid-es-Sultaneh	129
293	" ..	218 Tel.	7,	Conversion of debts. Enquires as to concurrence in Nos. 273 and 209 (see No. 314)	130
294	Sir G. Lowther ..	75 Tel.	7,	Sheikh of Mohammerah and Turkish authorities. Refers to No. 283. Reports offences alleged against sheikh by Turkish authorities. Negotiations between His Majesty's consul at Bussorah and acting governor, with Haji Reis as intermediary (see No. 325)	130

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296	Sir G. Barclay ..	47	Mar. 28,	Heads of missions. Transmits report on ..	131
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298	" ..	54	12,	Zil-es-Sultan's properties at Ispahan. Reports and gives details of understanding between Prince Akber Mirza and the Government (see No. 333)	134
299	" ..	55	13,	Castelli. Reports further. Enquires whether His Majesty's Government consider Persian Government responsible for loss of carpets (see No. 475)	135
300	" ..	56	14,	Joint advance. Refers to Part XXI, No. 356. Considers that it would be useless to recommence negotiations unless Persian Government applied again. Details. Transmits note communicated by Persian Government	135
301	Mr. Marling ..	59	21,	Summary of events during past four weeks. Transmits	136
302	" ..	61	22,	Turco-Persian frontier. Refers to No. 150. Transmits paraphrase of telegram from His Majesty's consul, Tabreez, concerning levy of customs duties by Turks	140
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306	Sir E. Goschen ..	130	5,	Germany and Persia. Conversation with Minister for Foreign Affairs on attitude of British press, and question of "open door" in Persia	142
307	" ..	131	6,	Germany and Persia. Details of conversation between Herr von Schoen and M. Isvolsky. Herr von Schoen explains attitude of German Government	143
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323	" ..	224 Tel.	10,	Sheikh of Mohammerah and Turkish authorities. Refers to No. 316. Matter progressing favourably towards a solution. Gun-boat unnecessary (see Nos. 343, 351, and 372) ..	150
324	Sir A. Nicolson ..	144 Tel.	10,	German attitude towards Anglo-Russian note to Persian Government as regards concessions. Refers to No. 309. Conversation with Minister for Foreign Affairs. He is of opinion that German intervention might be avoided if we were to simply convey warning to Persian Government and not to insist on a reply ..	150

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ERRATA.

Page 31, No. 60, line 2.—For "12th instant" read "12th ultimo."
 Page 70, No. 142, line 2.—After "No. 167" read "of 17th April."
 Page 70, No. 143, line 1.—After "No. 173" read "of 19th April."
 Page 94, No. 194, line 1.—For "10th" read "22nd."
 Page 185, footnote †.—For "No. 152" read "No. 352."

CONFIDENTIAL.

Further Correspondence respecting the Affairs of Persia.

PART XXII.

[11037]

No. 1.

Messrs. W. A. Crump and Son to Foreign Office.—(Received April 1.)

Sir,

17, Leadenhall Street, London, March 31, 1910.

WE have your letter of yesterday's date, for which we thank you. That letter crossed our letter to you of the same date, in which we informed you that our clients wished the claim to be put forward, through the Russian Government, if the claim would have the support of His Majesty's Minister at St. Petersburg. They are, however, very reluctant to be left to prosecute their claim unaided in the Russian courts of law, as their previous experience leads them to believe that they would have great difficulty in obtaining any satisfaction.

Our clients desire us also to point out that it would seem to be extremely improbable that they will recover the whole of their goods in an undamaged condition, and that they will therefore have a claim upon the Persian Government even if they succeed in obtaining some salvage through the Russian Government.

Yours, &c.

WILLIAM A. CRUMP AND SON.

[11449]

No. 2.

Papers communicated by Sir G. Mackenzie, April 1, 1910.

(1.)

Translation of Telegram received from Tehran by London, April 1, 1910.

REFERRING to our telegram of 21st March, Persian Government anxiously awaiting reply from the board of directors to proposal. Can you give us any indication probable decision, so as to enable Persian Government make the necessary arrangements place their banking business in our hands?

(2.)

Draft of Telegram for Tehran.

HOPE give you definite decision next week. Meantime, question having serious consideration. Directors most desirous co-operate to assist Persian Government to get finances into more healthy position. In view of past experience, difficulty always presents itself as to guarantee that Persian Government will make payments punctually on due date. Another difficulty is the long period proposed for redemption, advance beyond concession limit now being about 400,000l. Can you get Persian Government offer any proposal that will meet these objections?

[1722]

[11086]

No. 3.

Sir G. Barclay to Sir Edward Grey.—(Received April 1.)

(No. 137.)

(Telegraphic.) R.

Tehran, April 1, 1910.

YOUR telegram No. 81.

Story is untrue. Five or six Russian Cossacks have arrived at Bushire to relieve consular guard, which is now at Shiraz with M. Passek.

[10928]

No. 4.

Sir Edward Grey to Sir G. Barclay.

(No. 86.)

(Telegraphic.) P.

Foreign Office, April 1, 1910.

IN view of your telegram No. 110 of the 14th March, in which you state that, in your opinion, Castelli is not agent of Deutsche Bank, you may now support him.

[10568]

No. 5.

Sir Edward Grey to Sir G. Barclay.

(No. 87.)

(Telegraphic.) P.

Foreign Office, April 1, 1910.

ARABISTAN telegraphs.

See your despatch No. 18 of the 8th February.

In the event of the Medjliss refusing to agree to the convention in its present form (which they might do chiefly on account of their distrust of the article dealing with the renewal of telegraph concessions), India Office are of opinion that they might be induced to modify their attitude by the offer of the following concessions:—

1. That the right to claim compensation for ordinary damages to Persian telegraph lines belonging to the Indo-European Telegraph Department should not be exercised.

2. That an advance should be made against minimum rental of Central Persia line for next ten years, such advance not to exceed 10,000*l.*

An alternative draft of the convention should be brought forward from which, if necessary, provision for renewal of concessions should be omitted, as even apart from this provision the convention has its value. Barker's draft generally suits this purpose, but modifications could be made in it to meet any demands for further concessions. These modifications should include a provision for the outlay of not more than 1,000*l.* by His Majesty's Government for the provision of material on the line for the Persian Government's benefit, and a sum of not more than 600*l.* a-year for maintenance. Treasury letter of the 13th August, 1908, has already sanctioned this measure.

In the event of adoption of this modification, it appears that we need not at present consider the proposal to waive the 4 per cent. interest to be charged under article 2 on total amount due by Persian Government, as to which correspondence with Treasury would be necessary.

Please inform me whether you have any objection to offer to above suggestions. You will receive in due course memorandum by director-in-chief of department in letter from India Office, which will reach you later.

[10744]

No. 6.

Sir Edward Grey to Sir A. Nicolson.

(No. 156.)

(Telegraphic.) P.

Foreign Office, April 1, 1910.

GERMANY and Persia.

See your telegram No. 113 dated the 29th March.

I availed myself of an opportunity of saying in an informal and unofficial manner to the German chargé d'affaires the other day that it seemed to me that the key to an arrangement of all the difficulties connected with Persia was some settlement of the

Bagdad Railway question. Otherwise I have heard nothing more from Germany on the subject. In speaking to the German chargé d'affaires, I said that discussion on the subject might take place separately between each party if the Germans were not disposed to admit discussion *à quatre*, but I made it clear that France and Russia must be included in any settlement to which we lent ourselves, and that therefore such settlement would of necessity be *à quatre*. With regard to Persia, I said that I saw no reason why Germany, who had reached a satisfactory *modus vivendi* with France on commercial matters in Morocco, should not do the same in Persia with Great Britain and Russia. We had no intention of establishing a commercial monopoly to the exclusion of others in Persia: we merely found it imperative, in view of Persia's present weakness, to watch our strategical and political interests very closely, and to see that they were not damaged by the granting by Persia of concessions to foreigners.

Our conversation was general and quite informal, but you should inform M. Isvolsky of it, as it might be useful, although it had no direct bearing on pending questions. The German chargé d'affaires said he was entirely in sympathy with the views which I expressed.

[11049]

No. 7.

Sir Edward Grey to Sir A. Nicolson.

(No. 107.)

Sir,

Foreign Office, April 1, 1910.

THE Russian chargé d'affaires handed to Sir C. Hardinge on the 24th ultimo, as a verbal communication, a memorandum, of which copy is enclosed, giving the substance of a conversation between the Russian Minister for Foreign Affairs and the German Ambassador at St. Petersburg relative to the conditions of the proposed Anglo-Russian advance to the Persian Government.

In reply to an enquiry made by M. Etter, Sir C. Hardinge said that the language used by M. Isvolsky to Count Pourtalès was practically the same as that employed by me to the German Ambassador here.

Sir C. Hardinge told M. Etter of the communications made on this subject by the Austro-Hungarian Ambassador and the Italian chargé d'affaires, and informed him that the garbled version of the conditions which had reached the three Governments emanated, according to the statement of the Italian chargé d'affaires, from the Turkish Ambassador at Tehran.

I am, &c.

E. GREY.

Enclosure in No. 7.

Memorandum of Conversation between M. Isvolsky and German Ambassador at St. Petersburg.

LE Comte de Pourtalès m'a dit que la Russie et l'Angleterre auraient, d'après des renseignements parvenus à son Gouvernement, posé à la Perse, à l'occasion de l'avance pécuniaire, les conditions suivantes: Défense de construire des chemins de fer sans leur assentiment; monopole en faveur de la Russie de la navigation sur le Lac Ourmiah; monopole en faveur de la Russie et de l'Angleterre de toutes les concessions commerciales ou industrielles en Perse à l'exclusion de toute entreprise étrangère. Si ces renseignements étaient exactes, le Comte de Pourtalès était chargé de me dire que d'après l'avis du Gouvernement allemand de pareilles conditions seraient contraires au principe de l'égalité en matière économique pour toutes les Puissances—principe proclamé par la convention anglo-russe—et incompatibles avec l'indépendance de la Perse.

Je répondis à l'Ambassadeur d'Allemagne que les renseignements susmentionnés étaient loin d'être exactes; les conditions posées par la Russie et l'Angleterre à la Perse étaient en tout point conformes au principe de l'égalité économique de toutes les Puissances et jamais idée ne leur était venue d'exclure qui que cela fût de toute entreprise commerciale ou industrielle. Quant au chemin de fer et à d'autres entreprises ayant un caractère politique et pouvant avoir pour la Russie une importance stratégique, nous avons de tout temps déclaré ne pouvoir admettre que de pareilles entreprises fussent entre les mains d'étrangers. C'est dans cet esprit que furent entamés entre nous et l'Allemagne les pourparlers de 1907, qui n'ont été interrompus que temporairement et que nous sommes prêts, pour notre part, à reprendre.

Pourtàès me parut satisfait de ces explications et me confirma encore une fois que l'Allemagne reconnaît la situation politique particulière de la Russie et de l'Angleterre en Perse, qu'elle ne tenait qu'à garantir la liberté d'entreprises économiques allemandes, et qu'elle ne songeait nullement à construire des chemins de fer.

[11201]

No. 8.

Sir G. Barclay to Sir Edward Grey.—(Received April 2.)

(No. 138.)

(Telegraphic.) P.

Tehran, April 2, 1910.

PLEASE refer to your telegram No. 82 of the 31st March. I have received following telegram, No. 37, from His Majesty's consul at Tabreez:—

"I am chiefly indebted to my Russian colleague for such information as I possess. He informed me yesterday that disquieting news had come from Urumia, where, according to a recent arrival from that city, a Turkish general, accompanied by an escort of some twenty cavalry, had encamped and had been joined by some 150 Turkish soldiers, who had taken up their quarters in the caravanserai. The Turks were also, he heard—and the American consul here had just confirmed this information to him—moving up strong reinforcements in batches of fifty to Salmas and Khoi. A letter, dated the 24th March, which reached me yesterday afternoon from Mr. Brown, of English Mission at Urumia, further corroborates this news. He tells me that reports concerning Turkish activity on frontier, the dispatch of large reinforcements and the movements of troops had reached him from every quarter. That, for some reason or other, the Turks are moving forward seems beyond doubt, but I have no news that the Turkish soldiers who are alleged to have passed through Urumia have occupied the western part of shore of lake mentioned in your telegram. There is no reference to it in the letter quoted above, nor does Brown, although writing only five days ago, refer to rumour that the town itself was about to be occupied.

"I believe the report that Turks are collecting taxes throughout Urumia to be without foundation, although it is said that they are doing so in certain frontier posts of that region. Director of Customs at Tabreez has, in fact, heard that Turks are levying duties at Jebelkend. He has promised to inform me of result of enquiries which he is making.

"No act of brigandage on Tabreez-Urumia road has been brought to my notice here, nor have I heard that communication is dangerous between the two places. During the past few weeks there have been cases of Kurds carrying off Christian women in the district of Urumia itself, and this may have started the report in question. I should hesitate to believe that the Turks were instigating such acts without very strong proof, but it cannot be denied that their presence in that region tends to secure an immunity they would not possess for the Kurds."

[11200]

No. 9.

Sir A. Nicolson to Sir Edward Grey.—(Received April 2.)

(No. 117.)

(Telegraphic.) P.

St. Petersburg, April 2, 1910.

PERSIAN finances.

Your telegram No. 155 of the 31st March. Russian Minister at Tehran has now been instructed to join with his British colleague in sending to the Persian Government reply in the sense to which the two Cabinets have agreed.

[10907]

No. 10.

Foreign Office to Messrs. Crisp and Co.

Gentlemen,

Foreign Office, April 2, 1910.

WITH reference to the visit paid to this Office on the 18th ultimo by a representative of your firm in connection with an attempt recently made by Messrs. Tumaniantz, of Baku, through your agent at that port, to interest you in a proposed loan to the Persian Government, whereby the latter would be able to obtain the money

they require without any conditions such as those imposed by Great Britain and Russia on such an advance, I am directed by Secretary Sir Edward Grey to inform you that His Majesty's and the Russian Ministers at Tehran have received instructions to warn the Persian Government that so long as the question of a joint advance by the two Governments is under consideration, and so long as the Persian Government are in arrears in their payments to His Majesty's and the Russian Governments and to the Imperial Bank of Persia and the Russian bank, they cannot agree to the hypothecation of sources of public revenue to any other advance. It would be well if this information were conveyed to Messrs. Tumaniantz.

I am at the same time to express to you Sir E. Grey's thanks for your promptitude in causing him to be informed of the offer made to you.

I am, &c.

W. LANGLEY.

[10928]

No. 11.

Foreign Office to Messrs. W. A. Crump and Son.

Gentlemen,

Foreign Office, April 2, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 30th ultimo relative to the claim of Messrs. Marco Castelli and Brothers on account of the theft of carpets belonging to them by Rahim Khan, and to inform you, in reply, that on the 1st instant he addressed a telegram to His Majesty's Minister at Tehran, instructing him to support Mr. J. Castelli in his endeavours to obtain satisfaction from the Persian Government with regard to this matter.

I am to add that a claim for the cost of this message will be forwarded to you in due course.

I am, &c.

W. LANGLEY.

[11202]

No. 12.

Sir G. Barclay to Sir Edward Grey.—(Received April 3.)

(No. 139.)

(Telegraphic.) P.

Tehran, April 3, 1910.

OXIDE.

Strick is buying 5,000 tons of Hormuz oxide from Persian Government.

I have seen Strick's agent in Teheran, who believes that Persian Government are acting with Muin's consent, but I am led by secret information to suspect that coercion is being used, although Muin has not yet protested to the legation.

It will be of interest to note whether Weir protests against this deal.

[11255]

No. 13.

Sir E. Gaschen to Sir Edward Grey.—(Received April 4.)

(No. 92.)

Sir,

Berlin, April 1, 1910.

THE "Vossische Zeitung" of the 30th March published a telegram which purported to have been sent from Tehran on the same date. The text of this message, which is reproduced in the "Times" of the 31st March, is as follows:—

"The presence of a representative of the Deutsche Bank of Berlin and his studies and negotiations with Persians of authority have roused among them great hopes that the German financial world would still not be indisposed to come to the assistance of the Persian State in its financial need, if adequate guarantees were offered and favourable concessions were made."

The "Lokalanzeiger" publishes a second telegram from Tehran, dated the 31st March, to the effect that the "situation is becoming more and more confused. In its financial difficulties the Ministry is more and more inclined to the scheme of an Anglo-Russian loan, while a deputy Tagizade is preaching for revolution and

[1722]

C

republicanism. Another party is inclined to turn to Germany. The presence of Seyyid Rueto, the agent of the Deutsche Bank, has raised great hopes. The wish for the establishment of a German Bank is both great and general. The moment would be a favourable one for such a step and for the acquisition of important concessions."

Both the "Lokalanzeiger" and the "Tageblatt" proceed to reproduce the leading article in the "Times" of the 31st March, entitled "German finance in Tehran." The former appends a short criticism to the effect that the Persians can apply to whom they wish. If they come to Germany it will be for the very reason that that Power has no political objects in Persia. But if, according to the interpretation of the "Times," the "open door" is not to mean a "possibility for all countries to seek to find employment for their trade and capital, they would indeed be glad to know the true meaning of the phrase." The reference is, of course, to the reservation made with regard to railway construction, which might affect the political interests of either Russia or Great Britain.

I venture to bring to your notice the terms of these articles as indicating either that the question has begun to arouse interest here, or that, for their own reasons, the Imperial Foreign Office are desirous of drawing public attention to it.

I have, &c.

W. E. GOSCHEN.

[11581]

No. 14.

M. Isvolsky to Count Benckendorff.—(Communicated to Foreign Office April 4, 1910.)

LE consul de Russie à Tabriz télégraphie à Saint-Petersbourg :—

"D'après mes renseignements particuliers il est arrivé il y a huit jours à Ourmiah 200 soldats turcs sous les ordres de Suleiman Pacha.

"Des soldats turcs arrivent à Khoi et Salmas par détachements de cinquante à soixante.

"On fait courir le bruit d'une marche contre Tabriz.

"Sur la route d'Ourmiah à Sudjbulak sur la rive droite de la rivière Barandusdjai près du village Ardichai la douane turque prélève 2 toumanes par bête chargée de marchandises.

"Dans le village de Rodjan, à une vingtaine de kilomètres de Tabriz, on est en train de préparer des fourrages et des vivres en vue de l'arrivée attendue du Sheikh Kadmîr.

"On parle à Tabriz de l'occupation complète d'Ourmiah par les Turcs; faute de moyen de communications il est impossible de vérifier ces renseignements de façon positive."

Le même consul télégraphie postérieurement :—

"Auprès de notre frontière Nakhitchévan-Takhtatchine sur la route de Karazian-Dindusen les Turcs procèdent à des levées de plans.

"La nouvelle se confirme de l'apparition de soldats turcs dans les districts de Salmas et de Khoi.

"Le bruit court de l'arrivée à Makunda d'un millier de Kourdes turcs se dérotant au service militaire.

"Les Turcs ne permettent pas le rétablissement de communications télégraphiques avec Tabriz et Ourmiah."

[11559]

No. 15.

Papers communicated by Imperial Bank of Persia, April 4.

(1.)

Imperial Bank of Persia, Tehran, to Imperial Bank of Persia, London.

(Translation.)

(Telegraphic.)

Tehran, April 4, 1910.

IN reply to your telegram of the 2nd April.

Persian Government reply is entire customs receipts Persian Gulf ports to be paid to us to redeem capital and interest within time mentioned; accounts to be made up

monthly, and if in excess of any monthly amount due, balance to be paid Persian Government. Persian Government promise collection all revenues to us, but insists this arrangement undesirable, as clause to be inserted agreement proposed we shall have right to retain any funds in our hands meet any deficiency any month Persian Gulf ports customs revenues. Persian Government offer to redeem capital and interest by scheme amortisation equal instalments extending over fifteen years if desired. Persian Government ready take into consideration any suggestion from you.

(2.)

Suggested draft of telegram from Imperial Bank of Persia, London, to Imperial Bank of Persia, Tehran.

Replying to your telegram of the 4th April, presume you have submitted all telegrams to His Majesty's Minister. What are his views? In view of the many long-past due pledges given by Persian Government still unredeemed, directors can only now consider any fresh proposal on clear understanding that whatever is arranged will be on a binding undertaking, which can be and will be enforced for prompt payments as they become due. Directors most desirous render Persian Government all reasonable assistance, but imperative bank's interests should be fully and properly protected.

[11473]

No. 16.

Sir G. Barclay to Sir Edward Grey.—(Received April 4.)

(No. 140.)

(Telegraphic.) P.

Tehran, April 4, 1910.

ARABISTAN Telegraph Convention.

In reply to your telegram No. 87 of the 1st April, I have the honour to state that, so far as my present information enables me to judge, I do not think that our chances of the National Assembly ratifying our convention would be improved by increasing our offer. The lobbying that I have done leads me to believe that if the National Assembly reject the convention, they will be actuated not by considerations that our terms are not favourable enough, but by their distrust of Russia and their fear that any concession granted to us may provoke a demand for compensating advantages from her.

The proposed modifications in the alternative draft appear unobjectionable.

[11559]

No. 17.

Sir Edward Grey to Sir A. Nicolson.

(No. 160.)

(Telegraphic.) P.

Foreign Office, April 4, 1910.

IMPERIAL Bank of Persia are anxious for an early reply with regard to proposal of Persian Government for amalgamation of debts into a 6 per cent. loan (see my telegram No. 150 of the 30th March).

I presume that you informed M. Isvolsky as instructed, and that he has no objection to offer.

[11162]

No. 18.

Sir Edward Grey to Sir G. Barclay.

(No. 57.)

Sir,

Foreign Office, April 4, 1910.

WITH reference to your telegram No. 80 of the 24th February, relative to the proposed acquisition by the Anglo-Persian Oil Company of a concession to work minerals in the district of Kerman, I have to inform you that Mr. J. R. Preece, formerly His Majesty's consul-general at Ispahan, has been deputed to proceed to Tehran for the purpose of entering into negotiations with the Persian Government with this object.

It is proposed that the concession in question should be asked for in the name of Mr. Tarbett Fleming, a gentleman of good business standing and a director of the Burma Oil Company. I have to request you to afford to Mr. Preece such assistance and support as he may require in the execution of the mission which has been entrusted to him.

I am, &c.
E. GREY.

[11162]

No. 19.

Foreign Office to Mr. Greenway.

Sir,

Foreign Office, April 4, 1910.

IN the course of a visit paid by you to this Office on the 29th ultimo you referred to the proposed acquisition by the Anglo-Persian Oil Company of a concession for the working of minerals in the district of Kerman, which has already formed the subject of correspondence, and you asked that His Majesty's Minister at Tehran might be furnished with instructions to afford the necessary assistance and support to Mr. J. R. Preece, formerly His Majesty's consul-general at Ispahan, who was about to proceed to Tehran to negotiate with the Persian Government with a view to obtain this concession in the name of Mr. Tarbett Fleming.

I am directed by Secretary Sir Edward Grey to inform you that he has addressed to Sir G. Barclay a despatch in the sense desired by you.

I am, &c.
W. LANGLEY.

[11584]

No. 20.

India Office to Foreign Office.—(Received April 5.)

Sir,

India Office, April 5, 1910.

IN reply to your letter dated the 29th March, 1910, as to the proposed construction by the Persian Government of a telegraph line from Kuh-i-Malik Siah to Seistan, I am directed by Viscount Morley to enclose copy of a note by the director-in-chief of the Indo-European Telegraph Department on the subject.

Lord Morley agrees in the view of Mr. Kirk that the same conditions might be offered to the Persian Government in connection with this line as were set out in Secretary Sir E. Grey's telegram to His Majesty's Minister at Tehran, dated the 6th July, 1907, including the offer to sell the telegraph material lying stored at Robat at its full rate-list value, exclusive of cost of transport, and construction of the line by the Indo-European Telegraph Department.

Lord Morley is also disposed, subject to any observations that Sir E. Grey may have to offer, to agree in the view that, while the conditions referred to should be offered to the Persian authorities at once, the negotiations should be delayed until the control of the Seistan-Khaf line has been transferred to the British Government, and that the question of the proposed line should be dealt with as a departmental matter.

Lord Morley would also observe that the Russian Government would seem to have no strong case for claiming to place Russian signallers at a future date on a new line to be constructed wholly in the British sphere.

I am, &c.
R. RITCHIE.

Enclosure in No. 20.

Note by the Director-in-Chief of the Indo-European Telegraph Department, dated March 30, 1910.

THE question as to what could be done by the British Government to assist in the provision of a line from Kuh-i-Malik Siah to Seistan was carefully considered in 1907. A telegram was sent by the Foreign Office to the British Minister at Tehran on the 6th July, 1907, in which our proposals for providing the line were given. I think we

might offer the same conditions at the present time. The condition that none but Persian and British employes will be allowed on the line and its offices will probably be objected to by the Russians. But if the negotiations with the Persian authorities could be delayed until the Russians had transferred the control of the line from Seistan to Khaf to the British, the introduction of Russian signallers on the proposed new line could be resisted with more show of right on our side. The proposals shown in the Foreign Office telegram of the 6th July, 1907, might, however, be made to the Persian authorities at once, and the question of the nationality of the staff on the line could be settled later with the Russians if they raised objections. It will be noted that the Persian Minister of Telegraphs has applied to the Telegraph Department for the estimate he wants, and it would appear to be advisable that our proposals should be put before the Persian Minister by the director of telegraphs, in order to deal with the case as purely a telegraph question.

H. A. KIRK.

[11575]

No. 21.

Mr. F. C. Strick to Foreign Office.—(Received April 5.)

*Baltic House, Leadenhall Street, London,
April 2, 1910.*

Dear Mr. Mallet,

I HAVE pleasure in enclosing herewith, for your perusal, copies of cables exchanged by my firm with Mr. D. Brown, Tehran.

If any point occurs to you, on which you would like to see me, I shall be pleased to call on you on Monday, if you will telephone me what time it would be convenient for you.

Yours faithfully,
FRANK C. STRICK.

Enclosure in No. 21.

Copies of Cables exchanged with Mr. D. Brown, Tehran.

From F. C. Strick and Co., Limited, 31st March, 1910:—

"Muin-ut-Tojar enquiring for further tonnage 'Ormuz,' United Kingdom, April. You can offer Persian Government 45s. per ton F.O.B. 5,000 tons."

From D. Brown, 1st April, 1910:—

"Persian Government considering your offer. They will make counter-offer Monday, 12,000 tons shipment, two years."

From F. C. Strick and Co.,* 2nd April, 1910:—

"If Persian Government make offer, will it mean Muin-ut-Tojar's concession cancelled and stock confiscated?"

From D. Brown,* 2nd April, 1910:—

"Persian Government accept your offer, therefore you have bought 5,000 tons 45s. F.O.B. Persian Government now prepared deal through you exclusively on these lines if you will make further offer your requirements and terms."

* These two cables crossed each other.

[11575]

No. 22.

*Mr. F. C. Strick to Foreign Office.—(Received April 5.)**Baltic House, Leadenhall Street, London,
April 4, 1910.*

Dear Mr. Mallet,

THE following cablegram was dispatched by my firm to Mr. David Brown at Tehran early this morning:—

"Intend sending steamer "Ormuz" 1,500 tons ten days' time, naturally quality equal usual standard."

This afternoon, a cablegram was received from Mr. Brown, which evidently crossed with the above message, reading:—

"Supposed concession Muin-ut-Tojar cancelled. Persian Government placing their own official in charge of within twenty days. Meantime they request you to use every endeavour prevent Muin-ut-Tojar shipping oxide. Persian Government confirm sale to you of 5,000 tons, and they are prepared to accept offer for fixed amount, spreading over two to three years, on condition that they sell to you exclusively, or they will accept the offer communicated our letter of the 19th March, viz., 200,000*l.* cash and 25 per cent. net profit for concession fifty years."

Yours sincerely,

FRANK C. STRICK.

[11561]

No. 23.

Messrs. Crisp and Co. to Foreign Office.—(Received April 5.)

Sir,

11, Angel Court, London, April 4, 1910.

WE have the honour to acknowledge receipt of your letter of the 2nd instant, and have cabled our representative at Baku, instructing him to inform Messrs. Tumaniantz that so long as the question of a joint advance by the British and Russian Governments is under consideration, and so long as the Persian Government is in arrears with its payments to those Governments and to the Imperial Bank of Persia and the Russian Bank, we cannot undertake any negotiations involving hypothecation of sources of public revenue to other advances.

We shall, of course, be quite willing to reopen negotiations when we know that it will be agreeable to you and to the Russian Government.

In case the negotiations with us have been notified to the Imperial Russian Government, do you consider that it would be advisable for us to communicate to that Government our decision not to continue these negotiations in the present circumstances?

We remain, &c.

C. B. CRISP AND CO.

[11576]

No. 24.

Sir G. Barclay to Sir Edward Grey.—(Received April 5.)

(No. 141.)

(Telegraphic.) P.

HORMUZ oxide.

Tehran, April 5, 1910.

In continuation of my telegram No. 139 of the 3rd April.

Muin's concession for the mining of Hormuz oxide has, Strick's agent informs me, been declared invalid by the Persian Government, and his application for a new concession rejected. Persian Government will work the mines themselves, and they are prepared to conclude an exclusive contract for three years with Strick to supply a fixed quantity of oxide.

The Persian Government contend, I understand, that Muin had no right to conclude contract with Weir, and they believe that the combination was made solely to secure protection of His Majesty's Government for Muin.

Muin has not yet protested to the legation. He deems probably that to submit to Persian Government is his better policy.

[11582]

No. 25.

Sir G. Lowther to Sir Edward Grey.—(Received April 5.)

(No. 54.)

(Telegraphic.) P.

Constantinople, April 5, 1910.

TURKISH reinforcements on Persian frontier.

Referring to Foreign Office telegram No. 60 of the 31st ultimo.

I have now received the following telegram from His Majesty's consul at Van, to whom I addressed enquiries:—

"My information is to the effect that report is without foundation. Since writing to your Excellency my No. 5 of the 1st February last, 100 mounted police have been sent to the frontier from here, and another 100 went last week."

I have also forwarded this telegram to His Majesty's representative at Tehran.

[11599]

No. 26.

Sir A. Nicolson to Sir Edward Grey.—(Received April 5.)

(No. 119.)

(Telegraphic.) P.

St. Petersburg, April 5, 1910.

IMPERIAL Bank of Persia and proposed arrangement for amalgamation of debts of Persian Government.

Please see your telegram No. 160 of yesterday's date.

I informed M. Isvolsky of the proposed arrangement with the Imperial Bank in a letter dated the 31st ultimo, but his Excellency has not sent me any reply as yet, nor has he made any reference to the matter in the course of conversation. He is probably in consultation with the Minister of Finance. I have addressed a further letter to him to-day, asking whether the Imperial Government have any objection to the scheme.

It is advisable, I think, to put this question to his Excellency, in order to obviate the possibility of any subsequent complaints that the matter was hurried through before time had been given to the Imperial Government in which to express their views. I gave M. Isvolsky, in my letter of the 31st March, the last sentence of your telegram No. 150 of the 30th ultimo.

[11581]

No. 27.

Sir Edward Grey to Sir G. Lowther.

(No. 62.)

(Telegraphic.) P.

Foreign Office, April 5, 1910.

TURCO-PERSIAN frontier.

With reference to Sir G. Barclay's telegram No. 138 of the 2nd April, you should enquire, in conjunction with your Russian colleague, whether there is any truth in the reports which have been received, and, if so, you should protest strongly to the Turkish Government.

[12114]

No. 28.

Sir G. Barclay to Sir Edward Grey.—(Received April 11.)

(No. 32.)

Sir,

Tehran, March 7, 1910.

WITH reference to Mr. Marling's despatch No. 117 of the 20th May, 1908, I have the honour to transmit herewith the accompanying copies of despatches from His Majesty's consul at Ahwaz, forwarding statements brought up to the 3rd March, 1909, and the 3rd March, 1910, respecting Messrs. Lynch's account with the Bakhtiari khans in connection with the Ahwaz-Ispahan road.

The accounts have been examined and found correct, and I have informed Lieutenant Ranking accordingly.

I have, &c.

G. BARCLAY.

Enclosure 1 in No. 28.

Consul Ranking to Sir G. Barclay.

(No. 185/37.)

Sir,

Camp, Ispahan, September 27, 1909.

IN accordance with my telegram No. 184/36 of even date, I have the honour to forward, for your Excellency's information, the Lynch-Bakhtiari road accounts, which were originally forwarded for your Excellency's approval under this office No. 397/11 of the 31st December, 1908, and which appear to have been lost in transit.

2. (Vide this office No. 192 of the 26th April, 1908, paragraph 2.)

I understand the practice of notifying the khans as to their liabilities previous to the 3rd March each year has received the approval of His Majesty's Legation. I would therefore request that you will inform me as to the correctness or otherwise of the accounts forwarded herewith, in order that the computation of next year's accounts may be made on a basis which has received your Excellency's approval.

I have, &c.

J. RANKING, Lieutenant.

Enclosure 2 in No. 28.

STATEMENT of Accounts with the Bakhtiari Khans up to March 3, 1909.

(A.)—Road Construction Account.

Due from Khans.	Krans.	Credits to Khans.	Krans.
Arrears due on March 3, 1908 ..	43,104.24	Received by cash at Ahwaz on April 25, 1908 ..	96,000.00
Interest on ditto from March 3, 1908, to March 2, 1909, at 6 per cent. ..	2,586.25	Interest on above from April 25, 1908, to March 2, 1909, at 6 per cent. ..	4,923.62
Ninth instalment due on March 3, 1909 ..	11,000.00		
Interest on balance of capital from March 3, 1908, to March 2, 1909, at 6 per cent. (balance being 212,000 krans) ..	12,720.00		
Total	69,410.49		
Balance at credit of khans ..	31,513.13		
Grand total	100,923.62	Total	100,923.62

(B.)—Bridge Repair Account.

Due from Khans.	Krans.	Credits to Khans.	Krans.
Balance due on March 3, 1908 ..	19,584.94	Received cash account, repairs of September 1907 ..	4,477.86
Interest on above from March 3, 1908, to March 2, 1909, at 6 per cent. ..	1,175.09	Balance due from khans ..	20,760.03
Expenditure on repair of bridges in September 1907 ..	4,477.86		
Total	25,237.89	Total	25,237.89

NOTE.—No interest charged on bill for repairs effected in September, 1907.

J. RANKING, Lieutenant.

Enclosure 3 in No. 28.

Consul Ranking to Sir G. Barclay.

(No. 6/48.)

Sir,

Ahwaz, January 27, 1910.

I HAVE the honour to enclose herewith, for your Excellency's sanction, a copy of a statement of the accounts between Messrs. Lynch Brothers and the Bakhtiari Khans

relating to the construction of the road and to the repair of the bridges, showing the amount due to or from the khans on the 3rd March, 1910.

I would beg to request that your Excellency will notify me as to the correctness or otherwise of these accounts prior to the 20th February, 1910, in order that I may notify the khans of amounts due from them prior to the date of payment, i.e., the 3rd March, 1910.

I have, &c.

J. RANKING, Lieutenant.

Enclosure 4 in No. 28.

STATEMENT of Accounts with the Bakhtiari Khans up to March 3, 1910.

(A.)—Road Construction Account.

Due from Khans.	Krans.	Credits to Khans.	Krans.
Tenth instalment due on March 3, 1910	11,000.00	Balance at credit of khans on March 3, 1909 ..	81,513.13
Interest of balance of capital from March 3, 1909, to March 2, 1910, at 6 per cent. (balance being 201,000 krans) ..	12,060.00	Interest on above from March 3, 1909, to March 2, 1910, at 6 per cent. ..	1,890.7878
Balance at credit of khans on March 3, 1910	10,343.9178		
Total	33,403.9178	Total	33,403.9178

(B.)—Bridge Repair Account.

Due from Khans.	Krans.	Credits to Khans.	Krans.
Balance due on March 3, 1909 ..	20,760.03	Nil	Nil
Interest on above from March 3, 1909, to March 2, 1910 ..	1,245.6018	Balance due from khans on March 3, 1910 ..	22,005.6318
Total	22,005.6318	Total	22,005.6318

J. RANKING, Lieutenant.

Ahwaz, January 27, 1910.

[11715]

No. 29.

Sir G. Barclay to Sir Edward Grey.—(Received April 6.)

(No. 33.)

Sir,

Tehran, March 7, 1910.

IN my telegram No. 97 of this morning, I have mentioned the more salient points in yesterday's discussion of the conditions attached to the proposed joint advance. For purposes of record, it may be well to supplement my telegram by mentioning points raised during the discussion, which did not seem to call for notice in my telegram.

As regards condition 1, the Minister of Finance asked whether we should require an itemised statement of the proposed employment of the money, and we replied reminding his Excellency that when applying to the two legations for the advance last December a detailed programme had been promised. We made it clear to him, however, that we should not insist on the programme's indicating more than the broad lines on which the money was to be used, except in regard to the funds to be devoted to the restoration of order on the trade routes. As regards the spending of these funds, we should require the details of the forces to be employed. Adverting to the proposed commission of control, the Minister of Finance stated that a commission of control was already in existence, and he hoped that this would render unnecessary the commission proposed by us. We replied that we must insist on the latter's controlling

in the manner indicated in our conditions—the expenditure of the 400,000*l.*—and we pointed out that the proposed commission being presided over by the Minister of Finance and containing a majority of Persians ought not to be offensive to Persian susceptibilities.

In regard to the second condition, the Minister of Finance tried hard to induce us to be satisfied with a general assurance that foreign financial experts would be engaged. He said that it was quite realised that foreign assistance was essential for effective reform, but the fact that it was imposed as a condition of the advance made it obnoxious. If left to themselves the Persian Government would engage a foreign treasurer-general and others. We replied that we should have preferred it had they acted on M. Bizot's recommendations spontaneously, but as they had not done so we had not seen our way to omit this desideratum from our conditions. The Minister of Finance then asked us whether the seven Frenchmen must all be engaged at the same time. We answered that if it was inconvenient that they should all enter upon their functions simultaneously we would not insist on their doing so, but it was essential that the Persian Government should engage itself to employ them, and should formally invite the French Government to lend them.

I have already dealt with the points raised in regard to conditions 3, 4, and 6 in my telegram, and I will only add as regards condition 3 that I found my Russian colleague no less ready than myself to assure the Minister of Finance that the Persian Government need not hasten to engage foreign military instructors.

In regard to condition 5, my Russian colleague emphasised the fact that he only required acceptance in principle. The details of the concession for the navigation of the lake would be the subject of subsequent negotiations.

It is difficult to judge the general impression left on the Minister of Finance by our explanations, though on one point, that of the Persian Government's being free not to engage foreign military instructors at once, he was evidently sensibly relieved.

I have, &c.

G. BARCLAY.

[11716]

No. 30.

Sir G. Barclay to Sir Edward Grey.—(Received April 6.)

(No. 34.)
Sir,

Tehran, March 11, 1910.

ALTHOUGH Mohamed Ali has gone and the Government is in the hands of Ministers chosen by the Nationalists, the old struggle between the legislative and executive bodies, of which so much was heard during the first experiment made here in parliamentary Government, has again arisen, though, fortunately, so far, in a less acute form than before.

I found it at the time somewhat difficult, within the limits of a telegram, to explain to you the complex situation which had arisen at the end of February, when the Cabinet Ministers tendered their resignations to the Regent.

While Sardar Assad informed me that he had resigned owing to the impossibility of carrying on because of the continued presence of Russian troops in Persia, the Prime Minister, whom Mr. Churchill interviewed on my behalf, made no specific mention of the Russian troops in this connection, and gave him clearly to understand that the Ministerial crisis was caused by the unreasonable attitude of the Medjliss.

As I had good reason to believe that the Prime Minister's account of the situation was the correct one, and that Sardar Assad had merely brought up the Russian troops again as a form of indirect pressure, I did not in my telegram No. 87 of the 28th February refer to Sardar Assad's version of the crisis. But as he repeated his story to several newspaper correspondents, I thought it as well to report it to you in my telegram No. 89 of the 2nd March.

Subsequently, I sent Mr. Churchill again to see the Prime Minister, who gave the following account of the crisis, which I have every reason to believe to be the correct one, though, no doubt, the continued presence of Russian troops, especially those at Kazvin, is a factor which it is impossible entirely to ignore.

The Prime Minister said that the deputies, while approving the Ministerial programme submitted to them soon after the opening of Parliament in November last, which included a projected foreign advance of 500,000*l.* and other measures such as the engagement of foreign advisers, now put every obstacle in their way, even before the conditions imposed by Great Britain and Russia had been submitted to them.

Some of their members sent telegrams, in code, to the provinces and to the clergy of Mesopotamia, with the result that telegrams were coming in from those places protesting against the conclusion of a foreign loan. Others incited the people of Tehran to agitate in the same sense, and this, the Prime Minister said, he and most of his colleagues found intolerable, though one or two of them were, unfortunately, taking up much the same line as the deputies. I understand he particularly referred to Sani-ed-Dowleh and the new Nationalist Minister of Finance, Vossouk-ed-Dowleh, who both are said to encourage the Medjliss.

The Prime Minister went on to say that, in view of the above circumstances and a host of minor grievances, the Cabinet drew up a sort of ultimatum which they submitted to the Medjliss at a secret sitting, and that this document, which was still under discussion, dealt with the following subjects:—

1. *Foreign Relations.*—The Cabinet desired to know whether the Medjliss wished them to pursue a policy of bluster, *vis-à-vis* the Russians, with the object of obtaining the withdrawal of their troops. They maintain that Persia was not in a position to force Russia to withdraw her troops, and that, in their view, the only way to attain their object was to show patience, and to endeavour to gain their end by friendly pressure. If any other policy was desired by the Medjliss, the Cabinet declared that they preferred to resign.

2. *Financial Questions.*—Without money, the Cabinet said, it was impossible to carry on the Government. They were in negotiation with Great Britain and Russia for an advance as foreshadowed in their programme, and before the conditions had been submitted to the Medjliss an agitation was set on foot against it. This the Cabinet strongly deprecated, and they begged to be allowed to conduct the negotiations unhampered. They undertook to consult the Medjliss in good time if the negotiations then in progress should lead to anything.

Three other subjects were then dealt with, namely, the paying off and dismissing of the so-called Mujaheddin, or armed Nationalists, who include among their ranks a number of undesirable Caucasians and other riff-raff; the stricter censorship of the press, and the parties which have been formed within the Nationalist ranks who, the Prime Minister said, were chiefly occupied in intriguing against each other for private and personal motives.

I sent Mr. Churchill again to-day to see the Prime Minister on other matters, and he asked his Excellency how the struggle with the Medjliss was progressing. The Prime Minister, who was in a somewhat dejected mood, said that the attitude of the Medjliss was so intolerable, that he did not know how long he could put up with it. No answer had as yet been given to their memorandum, and the Cabinet had yesterday sent in a joint reminder, and had demanded an immediate reply.

For the present, therefore, there seems to be a species of deadlock, in which it is not certain whether the Cabinet is technically in or out of office—a not unprecedented situation in Persia—though in practice the Ministers are carrying on as if nothing had happened.

In the meantime, Sani-ed-Dowleh, the Minister of Education and Public Works, has presented himself before the Medjliss, and has said that “the recent demonstrations of the nation in protest against the conclusion of foreign loans, with ruinous and crippling conditions attached to them, has proved noble and disinterested patriotism which has given him lively satisfaction.”

Such action on the part of a Cabinet Minister, who was a signatory of the memorandum above referred to, and is supposed to be *solidaire* with his colleagues, needs no comment.

I have, &c.

G. BARCLAY.

[11718]

No. 31.

Sir A. Nicolson to Sir Edward Grey.—(Received April 6.)

(No. 162.)
Sir,

St. Petersburg, March 27, 1910.

THE Italian Ambassador, M. Melegari, called on me yesterday, and informed me that he had received instructions to enquire of the Russian Government whether it was a fact that they and His Majesty's Government were wishing to exclude foreigners other than British and Russian from obtaining railway concessions in Persia. M. Melegari

said that he was aware that both the German and Austrian Ambassadors had been making similar enquiries, and he was of opinion that if he were to follow suit it would have the appearance as if the Powers of the Triple Alliance had combined together to address themselves to M. Isvolsky. Such a demonstration was, in his view, undesirable, and he had therefore telegraphed to his Government deprecating any action on his part. He was sure that I would be in a position to give him all necessary information, and he would, therefore, be obliged if I would acquaint him how matters really stood.

I told M. Melegari that I should be happy to meet his wishes, and I gave him verbally the substance of the reply which you had made to Count Metternich on the subject of railway concessions in Persia. I explained the nature of the option which both His Majesty's Government and the Imperial Government were requesting of the Persian Government, and the reasons which necessitated the request. I added that all this information had been given to the Italian chargé d'affaires in London, so that his Government should already be in possession of the facts. I mentioned also that in my opinion he had taken a very sensible and wise course in not addressing the Russian Government on the subject, as it was possible that they might not have been particularly gratified with a third request to explain matters.

I had seen M. Isvolsky just before the visit of M. Melegari, though of this I did not inform the latter, and he had told me that Count Berchtold had been addressing himself to M. Sazonow on the subject. I informed his Excellency that the Italian chargé d'affaires in London had also joined in the request for information. M. Isvolsky said that as yet he had received no application from M. Melegari, but if one were made he should speak very frankly to him, and express some surprise that Italy had been induced to manifest such concern and interest in Persian affairs.

M. Melegari said that he was surprised to receive instructions in regard to questions in which his country was not in the least interested, and he presumed that the German Chancellor in the course of conversation with the Italian Minister for Foreign Affairs had suggested the proposed step. I observed that the Italian chargé d'affaires in London had apparently derived his erroneous information from the Turkish Ambassador at Teheran, who was not a very trustworthy or impartial source. M. Melegari replied that from information which had reached him he understood that the Turkish Ambassador was mooted an intervention or mediation of the various Representatives at Teheran in regard to the continued presence of Russian troops in Persia. I said that I had heard that some such project was in the air, but I was sure that if it took shape the only result would be to defer the withdrawal of Russian troops to an indefinite date, and that I could not conceive a more injudicious step. The Russian Government would resent any official interference on the part of third parties in a question which they considered concerned themselves and the Persian Government alone. M. Melegari observed that he believed that Turkey intended to adopt an active policy in Persia. I replied that this was possible, and I had just heard that she was already obtruding herself in the western confines of Persia.

I let M. Isvolsky know in a private letter what M. Melegari had said to me in regard to railway concessions and of the reply which I had given him.

I have, &c.

A. NICOLSON.

[11698]

No. 32.

Anglo-Persian Oil Company to Foreign Office.—(Received April 6.)

Winchester House, Old Broad Street, London,
April 5th, 1910.

Sir,

I BEG to acknowledge your letters of the 12th and 17th ultimo, advising the various steps which had been taken with a view to obtaining permission for my company to place a launch and barges on the Upper Karun River, and that as a result of these Sir George Barclay has succeeded in obtaining permission for the placing of a launch on the river for one year, which limited permission, for reasons which he gave, he considered it advisable to accept.

On behalf of my board I beg to express our thanks to Sir George Barclay for his good offices in this matter, which have for the time being overcome the difficulty we were placed in.

I would, however, point out—

(a.) That we are sending out three barges to be used in connection with the above launch, which barges will arrive at Mohammerah within the next two or three months.

(b.) That we shall certainly require the permission to be renewed after the end of the year for which it has been granted.

And in case the Persian Government may make any further difficulties with regard to either of these points, I shall feel obliged if you will draw the attention of His Majesty's representative to the fact that the concession to the Moin-i-Tujjar of the navigation rights on the Upper Karun can no longer be regarded as valid, inasmuch as the Moin has never carried out the obligations indicated in the following conditions of his concession:—

"Article 3.—1. The concession for the navigation from Bunder Nasiri to Shustar and Dizful . . . is given to the Nasiri Company; that for the present at an early opportunity they have two vessels ready that the property of merchants be not delayed.

2. Should, on account of increase of traffic, two vessels not be sufficient, the Nasiri Company is bound to increase the number until sufficiency is attained."

According to the information of our agents, the Moin has never more than one boat on the Upper Karun, and from the fact that we have thousands of tons of cargo lying at Bunder Nasiri awaiting shipment it is obvious that his transport facilities are insufficient. Moreover, no attempt has ever been made to stop the traffic on the Upper Karun by country boats, which is as much an infringement of the Moin's concession as the placing of boats on the river by my company.

I think it desirable that attention should be drawn to the above points as, judging from the despatch from Sir George Barclay, referred to in your despatch of the 25th February, he is under the impression that the concession in question gives the Moin an undisputed title to the monopoly of the navigation rights, which apparently is not the case.

As regards the three barges which we are shortly sending out to work in conjunction with the launch, these being a necessary corollary of the launch, the permission obtained for placing the latter on the river doubtless covers them also, and we shall accordingly act on this assumption.

I have, &c.

C. GREENWAY.

Managing Director.

[11701]

No. 33.

Anglo-Persian Oil Company to Foreign Office.—(Received April 6.)

Winchester House, Old Broad Street,
London, April 5, 1910.

Sir,

I HAVE to acknowledge receipt of your letter of the 4th instant, advising that instructions have been furnished to His Majesty's Minister at Tehran to afford Mr. J. R. Preece the necessary assistance and support in the negotiations which he is now about to undertake with the Persian Government with a view to obtaining a concession for working minerals in Persia in the name of Mr. M. Tarbett Fleming, and I beg to express on behalf of Mr. D'Arcy and my other associates our thanks for the assistance which Sir Edward Grey has so kindly given.

I shall be obliged if you will note that Mr. Fleming's second Christian name is "TARBETT," not "Talbot."

I have, &c.

C. GREENWAY.

[1722]

F

[11839]

No. 34.

Papers communicated by the Imperial Bank of Persia, April 6, 1910.

(1.)

Translation of a telegram received by London from Tehran, April 6, 1910.

BRITISH Minister promises us support in fulfilment of obligations. Persian Government included in proposal at present under consideration, but that is as far as he can go; confer Foreign Office before deciding at meeting of board to-day.

(2.)

Proposed telegram to be dispatched by the Imperial Bank of Persia, London, to the Imperial Bank of Persia, Tehran.

With reference to your telegram of the 21st March and April 4th, the directors accept the proposal of Persian Government, namely, all debts due to the bank to be amalgamated, interest being reduced to 7 per cent. currency from the 21st March, 1910. Capital and interest being redeemed within fifteen years; accounts to be made up monthly; Persian Government to have the option of paying off the loan at the end of any three years. The bank to receive the entire customs receipts of all the Persian Gulf Ports, including Mohammerah and Ahwaz, the agreement of hypothecation must be of the most binding character possible. The customs receipts being under hypothecation exclusively to the bank, any excess of receipts over interest and sinking fund to be at the disposal of the Persian Government. The directors view with pleasure the intention of the Persian Government to keep all accounts with us exclusively as the State Bank.

[11708]

No. 35.

Sir G. Barclay to Sir Edward Grey.—(Received April 6.)

(No. 143.)

(Telegraphic.) P.

Tehran, April 6, 1910.

PLEASE refer to St. Petersburg telegram No. 111 of the 27th March and my telegram No. 136 of the 31st March.

If the merging of all Persian Government's obligations to British and Russian Governments and to the two banks are contemplated in first sentence of second condition, and if His Majesty's Government are disposed to accept this, would it not be advisable to warn Imperial Bank of Persia that their negotiations for a separate arrangement should be dropped?

[11739]

No. 36.

Sir A. Nicolson to Sir Edward Grey.—(Received April 6.)

(No. 120.)

(Telegraphic.) P.

St. Petersburg, April 6, 1910.

PERSIAN finances.

My telegram No. 119 of the 5th April.

M. Isvolsky informs me that his Government have no objection to the acceptance by the Imperial Bank of the proposals made to them by the Persian Government for the conversion of the latter's debts. His Excellency points out that point 2 of the conditions mentioned in his letter to me of the 25th March contemplates an operation of just this kind.

[11740]

No. 36*.

Sir E. Goschen to Sir Edward Grey.—(Received April 6.)

(No. 23.)

(Telegraphic.) P.

Berlin, April 6, 1910.

ATTITUDE of German Government in Persian affairs.

The German Minister at Tehran, who is now in Berlin, is said to be boasting that his attempt to wake up the Foreign Office here with regard to affairs in Persia has proved successful. I also hear that the application made to the Deutsche Bank for some one who could be sent to Persia emanated from the Imperial Foreign Office. According to my informant, the fact that an individual of such mediocre intelligence as Ruete was supplied by that bank implied that the latter were not of the opinion that there was much to be done in that direction.

[11473]

No 37.

Foreign Office to India Office.

Sir,

Foreign Office, April 6, 1910.

I AM directed by Secretary Sir Edward Grey to inform you that on the receipt of your letter of the 26th ultimo, relative to the Anglo-Persian convention respecting the Arabistan telegraph lines, and to the renewal of the telegraph agreements of the Indo-European Telegraph Department, he addressed a telegram to His Majesty's Minister at Tehran, enquiring whether he had any objection to urge to Viscount Morley's proposals.

I am to transmit to you herewith copy of a telegram from Sir G. Barclay,* in reply, from which it will be seen that, while he does not consider that concessions are likely to improve the chances which the convention has of being accepted by the Medjliss, he has no objections to offer to the suggested modifications in the alternative draft.

I am to request that Sir E. Grey may be favoured in due course with an expression of Lord Morley's opinion on this telegram, in order that the necessary instructions may be sent to Sir G. Barclay for his guidance in the matter.

I am, &c.

LOUIS MALLET.

[11765]

No. 38.

Sir A. Nicolson to Sir Edward Grey.—(Received April 7.)

(No. 168.)

Sir,

St. Petersburg, April 2, 1910.

I HAVE the honour to transmit herewith summaries of an article and a letter which are published in the "Novoe Vremya" to-day. The article describes the present discouraging state of affairs in Persia, and comments on the mission of the agent of the Deutsche Bank, and the letter is one of those which are periodically sent to the "Novoe Vremya" by its correspondent in Tehran.

I have, &c.

A. NICOLSON.

Enclosure 1 in No. 38.

Summary of an Article in the "Novoe Vremya" on the Present State of Affairs in Persia.

IN Persia things are going from bad to worse, yet the Russian Foreign Office remains idle in the hope that a turn for the better will take place. It would be difficult to assign a reason for this anticipation, and we must conclude that it is due to the optimism of the Russian Foreign Office. As if to confirm the optimism of our Government officials, comes the news of the appearance at Tehran of a German financial agent, who is reported to have been received in audience by the Regent, and to have discussed the grant of a loan to Persia. Simultaneously notices have appeared in the German newspapers that German instructors will shortly enter on the task of army reform. When it is considered that Russia has invested some tens of millions of roubles in Persia, that it is Russian money which has constructed the roads in the northern provinces, that these roads are now the main arteries of trade, the trade itself being supported by the Russian bank, which has sown more than it has reaped, and finally that Persia is being saved from dissolution by the presence of Russian troops—when we consider all this we can only explain outside interference as hostile to Russia, and incidentally to England. England and Russia have now realised the futility of advancing money to the Persian Government without some guarantee as to expenditure, and the two Governments have now insisted on certain conditions, not only from practical considerations, but from a sincere desire to help the Persian people. The only institutions which bring in revenue to the Persian Government are those which are under the control of Europeans. But it is easy to understand that what would be advantageous to the Persian people would be quite the reverse for those who have hitherto profited by loans, and the agitation of so-called nationalists against what they

* No. 16.

term the onerous terms offered by England and Russia is natural. The appearance of German financiers was also to be expected. To them it is a matter of complete indifference as to what becomes of the money, and it may go into the pockets of Court officials provided the interest and security are guaranteed. But Russia and England are neighbours of Persia, and, interested as they are in the welfare of that country, they cannot leave it at the mercy of financiers whose only wish is to gain the highest profits. Russia and England must therefore take steps to combat the action of German bankers, which is aimed against the legitimate interests of Russia and England and the prosperity of the Persian people. The German Foreign Office is never tired of proclaiming its love of peace and its respect for the rights and interests of others. We therefore have the right to expect that in the present instance Germany will denounce the steps taken by German financiers, who are striving to increase the economic disorder in Persia, which will react unfavourably on Russia. As regards the rumours that German army instructors have been invited to reorganise the Persian army, we can only say that we are not justified in believing them. The German Government could only permit its officers to accept such an office if it really desired to complicate the difficulties of Russia in Persia. The German Government has too often proclaimed its friendship for Russia to permit such a step.

Enclosure 2 in No. 38.

Summary of a Letter to the "Novoe Vremya" from its Tehran Correspondent.

THE whole of Southern Persia is in open mutiny and has been divided among various tribes, who plunder and carry on their depredations without taking the slightest notice of the Persian governors. The Governor of Shiraz was for some weeks besieged in his castle, and was eventually forced to flee from the town. All the caravan routes are in the hands of brigands, and both European and native merchants are in despair. This is the state of affairs in the neutral zone, and in the English zone whole columns of armed Afghans are bringing caravans loaded with arms destined for Afghanistan, which country is preparing to attack one of her neighbours, possibly Persia. The English conceal the fact that the director of the English telegraph office at Kerman (Mr. Wright), while going to Ispahan, was taken prisoner by the Afsharis, robbed, and only saved from death by his servant. They also omit to mention that the English consul in the English sphere cannot proceed from Kerman to Bunder Abbas, nor the Russian consul from Shiraz to Bushire. The Russians, however, aver that the whole of the Persian Gulf is independent of the central Government, and the Russian consuls are practically prisoners at their posts. The Regent wishes to resign, Russia must therefore be prepared for any emergency or surprise. Up to the present no third Power has interfered in Persia, but it is quite possible that England and Russia will be compelled to adopt a firmer policy, and it is advisable to consider what will be the attitude of other Powers in these circumstances. France, Italy, and Austria have no interests whatever in Persia, and under present conditions the possibility of Turkey being unpleasant is very remote. Those countries may therefore be dismissed. As far as England herself is concerned, she is much more in need of the Russian army to protect her prestige in Europe and Asia than Russia is in need of the British fleet. We may therefore trust that England will not impede Russia's movements in Persia should the latter be compelled to act energetically.

[11838]

No. 39.

Mr. F. C. Strick to Foreign Office.—(Received April 7.)

*Baltic House, Leadenhall Street, London.
April 6, 1910.*

Dear Mr. Mallet,

REFERRING to my interview with Mr. Maxwell this afternoon, I now beg to enclose copy of letter, dated the 19th March last, which was received by my firm from Mr. David Brown, their Telman agent, on Monday last.

I also give you below copy of a cablegram received this evening from Mr. Brown:—

"Referring to your telegram of 4th April, Persian Government have telegraphed customs officials, Persian Gulf, replace people Muin-ut-Tujjar, and report what is the quantity oxide ready for shipment. On receipt of reply, will advise you regarding proposed shipment."

Yours sincerely,
FRANK C. STRICK.

Enclosure in No. 39.

Mr. Brown to Messrs. Strick and Co.

Dear Sirs,

Tehran, March 19, 1910.

I CONFIRM my letter of the 19th ultimo, and have since received yours of the 18th idem, contents of which have been noted with thanks.

I had a long talk with the Nekil-i-Royah last night. He had received a letter from Haji Ali Akbar and Sons (Limited), but says he refuses to enter into any negotiations through them. He states that they made an offer of 40,000*l.* cash and one-quarter of the net profits yearly for fifty years. He accepts the quarter of the profits, but asks for 200,000*l.* in cash.

I pointed out that the sum he mentioned was an absurd one, but he would not be persuaded to reduce it.

The concession would only apply to red oxide on the islands and salt and sulphur on the littoral. As salt for consumption in the country is at present a monopoly of the Persian Government under a new salt tax which is about to be levied, only salt for export would be included in the concession.

He admitted that neither he nor the Persian Government had any precise knowledge of the value of the concession, nor did they know anything about the amount of salt and sulphur exported. He stated that the amount of oxide shipped was 6,000 tons yearly. I recommended that the Government should send some one to report on the value of the proposed concession, but he did not agree to this. Apparently, the difficulty of finding a reliable person for the work stood in the way.

I asked him for a *permis de recherche*. He saw no objection to this being granted, but he had no authority to act with regard to it, but promised he would obtain it, if possible, within twelve days.

I think it probable that the *permis de recherche* may be forthcoming, but so far as the concession is concerned, I am afraid we will have to wait until they form a more accurate estimate of the value of the rights they propose to dispose of.

The Persian Government is not by any means so hard pressed for cash as many people seem to think. Their position is much easier than it was a year ago, and is daily improving; at the same time, there can be no doubt that a large amount of ready money is still urgently required to put things in proper order.

Yours faithfully,
DAVID BROWN.

[11830]

No. 40.

Anglo-Persian Oil Company to Foreign Office.—(Received April 7.)

*Winchester House, Old Broad Street, London,
April 6, 1910.*

Sir,

I HAVE to acknowledge receipt of your letter of the 30th ultimo with reference to the extortionate compensation which is being demanded by the Bakhtiari khans for the cultivated land required by this company for its operations, and their threat to stop the work that is being carried on unless these demands were acceded to; and I have to thank Sir Edward Grey for causing a telegram to be sent to Sir George Barclay,

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directing him, should the facts be as reported, to urge on the khans' representatives that reasonable compensation should be accepted, and to insist that on no account should the company's work be interfered with.

I have, &c.

C. GREENWAY,
Managing Director.

[11855]

No. 41.

Sir G. Barclay to Sir Edward Grey.—(Received April 7.)

(No. 144.)

(Telegraphic.) P.

Tehran, April 7, 1910.

IN continuation of my telegrams No. 128 of the 24th March and No. 143 of the 6th April, I have the honour to report that second alternative proposal for amalgamating all Persian Government's debts to bank has, manager of Imperial Bank of Persia informs me, been accepted by his board. The period for amortisation has been reduced from thirty to fifteen years, a modification which lessens the margin of security for our Government loan. Rate of interest is 7 per cent. Unless, however, receipts from southern customs fall still lower, they should prove to be sufficient.

M. Poklewski, who has now received instructions from St. Petersburg with regard to our reply to Persian Government on the subject of loans from third parties, informs me that in his opinion merging of English and Russian loans is not contemplated in first sentence of second condition.

[11875]

No. 42.

Sir G. Barclay to Sir Edward Grey.—(Received April 7.)

(No. 145.)

(Telegraphic.) R.

Tehran, April 7, 1910.

YOUR telegram No. 84: Persian Government and loans from third parties.
We have presented joint note to-day in the sense of our instructions.
St. Petersburg informed.

[11575]

No. 43.

Sir Edward Grey to Sir G. Barclay.

(No. 90.)

(Telegraphic.) P.

Foreign Office, April 7, 1910.

HORMUZ oxide.

I have received your telegram No. 141 of the 5th instant, and have now told Strick that, provided Weir's legitimate interests under his contract with the Moin in no way suffer, we have no objection to offer to the arrangement proposed with the Persian Government or to the immediate dispatch of a steamer for shipment of oxide.

[11954]

No. 44.

Sir G. Barclay to Sir Edward Grey.—(Received April 8.)

(No. 146.)

(Telegraphic.) P.

Tehran April 8, 1910.

OIL company.

Please refer to your telegram No. 75 of the 30th March.

I have the honour to report that His Majesty's consul at Ahwaz is proceeding to Ram Hormuz in order to assist the oil company in its negotiations with the representatives of the khans.

Telegraphic instructions are being sent by Ilkhani and Ilbegi from Tehran to their representatives forbidding them to stop the work of the company.

[11971]

No. 45.

Sir G. Barclay to Sir Edward Grey.—(Received April 8.)

(No. 147.)

(Telegraphic.) P.

Tehran, April 8, 1910.

GERMANY and Persia.

Berlin telegram No. 23 of the 7th April repeated to Tehran.

As German Minister at Tehran is at his post I conclude that there must be some misunderstanding.

[11971]

No. 46.

Sir Edward Grey to Sir E. Goschen.

(No. 23.)

(Telegraphic.) P.

Foreign Office, April 8, 1910.

GERMANY and Persia.

Person referred to in your telegram No. 23 of the 6th cannot be the German Minister at Tehran, who is at his post. Can you explain?

[11584]

No. 47.

Sir Edward Grey to Sir G. Barclay.

(No. 91.)

(Telegraphic.) P.

Foreign Office, April 8, 1910.

RUH-I-MALIK-SIAH-SEISTAN telegraph line.

See your telegram No. 133 of the 28th March, and my telegram No. 80 of the 6th July, 1907.

You may propose same conditions to Minister of Telegraphs as in latter telegram, unless you see any objection, including offer for sale at its full rate list value, exclusive of transport of telegraph material which is stored at Robat, and construction of line by Indo-European Telegraph Department.

The suggestion has been made by the India Office that the question should be treated departmentally with the Minister of Telegraphs, and that formal negotiations on the subject should be delayed until after the transfer of the Seistan-Khaf line. They think that this procedure would avoid a request from Russian Government that Russian signallers should be put on the new line.

[11575]

No. 48.

Foreign Office to Mr. F. C. Strick.

Sir,

Foreign Office, April 8, 1910.

WITH reference to your letters of the 2nd, 4th, and 6th instant, relative to the cancellation of Moin-ut-Tujjar's concession for the extraction of red oxide on the island of Hormuz and the arrangement which the Persian Government desire to make with your firm for the future disposal of the mineral, and to the visit paid by you to this Office on the 6th instant in connection with the same question, I am directed by Secretary Sir Edward Grey to inform you that His Majesty's Government have no objection to offer to the scheme, and to the dispatch by you of a steamer to Hormuz to ship 1,500 tons of the material, on condition that the legitimate interests of Messrs. Andrew Weir and Co., under the contract signed by them with Messrs. Ellinger, acting on behalf of the Moin, are in no way injured thereby.

I am, &c.

LOUIS MALLET.

[11739]

No. 49.

Foreign Office to Imperial Bank of Persia.

Sir,

Foreign Office, April 8, 1910.

WITH reference to communications which have passed between the Imperial Bank of Persia and this Office relative to the arrangement proposed by the Persian Government for the conversion and amalgamation of their debts to His Majesty's Government and to the bank, I am directed by Secretary Sir Edward Grey to inform you that the scheme meets with no objection on the part of His Majesty's Government, and that the Russian Government, who have been consulted on the subject, are also willing that it should be carried out.

It is of course understood that the bank guarantees the regular payment of the interest and sinking fund of the Anglo-Indian advances of 1903 and 1904, as well as that of such arrears as are already due on this account.

I am, &c.

LOUIS MALLET.

[12066]

No. 50.

Imperial Bank of Persia to Foreign Office.—(Received April 9.)

Sir,

25, Abchurch Lane, London, April 8, 1910.

AT the request of the chairman, I have the honour to enclose for your information an extract from a letter, received by us to-day from our deputy manager in Tehran, dated the 23rd March, 1910.

I am, &c.

G. NEWELL, Manager.

Enclosure in No. 50.

Extract from a Letter from the Deputy Manager of the Imperial Bank of Persia, Tehran, to the Manager of the Imperial Bank of Persia, London, dated March 23, 1910.

Persian Government Debts.—I confirm the telegram sent to you on the 21st instant, putting forward the Persian Government's proposals for the consolidation and conversion of these accounts. It is needless for me to say that the thoroughness of the scheme as placed before us on Sunday afternoon by the Vakil-ul-Royal caused us some surprise, in view of the previous attitude toward such matters in times gone by; it tends to illustrate the change that is rapidly taking place in the reorganisation and the management of the country's affairs, and it seems to me that the time is at hand for the bank to feel the possibility of working closer in touch with the Government (for which they have on several occasions expressed their desire) and where possible to give advantages in exchange for its good-will, sympathy, and support, which the board will recognise is invaluable to us if the success we may reasonably expect is to be achieved.

In considering the two proposals there is in each the alternative, for the board to decide, whether it is advisable to convert the majority of the capital employed in Persia into sterling and thus eliminate much of our exchange risk, or retain the loan in currency carrying an additional 1 per cent. interest.

In the first proposal, although the security is good, and sufficient guarantee for the payment of interest and amortisation, there exists the possibility that in the event of its being necessary to come upon the Government for additional security, the remaining Gulf ports indicated should be pledged elsewhere in the meantime, although at the moment this does not appear to be at all likely.

The second proposal is therefore the more attractive, and this the board will no doubt favour. It carries 1 per cent. more interest, and the security is superior to that we already hold for these advances, in so far as it is laid down now that the customs receipts of all the Gulf ports are to be paid into the bank. That the Persian Government should offer better terms as to security and interest for the option of paying off the loan at the end of any three years tends to show their confidence in their ability to

redeem the debt within a shorter time than the thirty years specified. The repayment of the loan and release of our locked-up capital at no distant date appeals strongly to us, as we feel confident that should the Persian Government be successful in carrying out the contemplated economic and administrative reforms, a general development in all classes of trade and enterprise will follow, in which the bank's capital will no doubt find ready and profitable employment.

With regard to the means to be employed to repay all loans possible, contracted with the Banque d'Escompte by sale of jewels and other realisable objects, I may mention that we observe great determination to carry this through, and, when mentioning the possibility of an internal loan being offered for subscription in the near future, I had no idea the scheme was so closely connected with the object now disclosed. You probably remarked the prompt way in which the details of the mint contract were concluded, and have also noted the efforts the Persian Government have made to keep up interest payments to us—this is not so in the case of the Banque d'Escompte—and in other minor matters displayed their good-will towards us; we are therefore inclined to attach more importance to the promise given to place all Government business in our hands, and, as far as possible, constitute us in fact the State Bank, than we should have done, say a year ago. I think I am right in saying that, apart from any desire the Persian Government may have to obtain advantages by the acceptance of the present proposals, they are well able to see the benefit of doing the most of their business with us, in whom they can place confidence.

The matter of our Government debts has taken a turn suddenly, but it was not unlooked for, as, under any scheme of further borrowing, we should have had to contemplate being paid off or accepting a share for our released funds in a 5 or 6 per cent. loan consolidating the existing debts. The Persian Government are sanguine of success in floating an internal loan on the security of new taxes on salt, by which the Russian advances will be paid off as far as conditions will allow; and it was thought, to avoid inconvenience to us, that the suggestion to pay us off gradually was made. The proposal to increase our note concession limit by 400,000*l.* is one that the Persian Government are quite of opinion will be of great benefit to us in the near future—that may be so, but it will depend entirely upon circumstances.

Crédit foncier de Perse.—M. Bizot left here last week for three months' furlough, and during his absence it is to be decided whether he returns in the service of the Persian Government or not. He was speaking strongly in favour of a scheme for the establishment of a land bank, such as exists in Egypt, by which the advances on Government lands and those estates at present remaining unproductive in the hands of the debtors of the two banks could be taken over, and the properties administered to better advantage. M. Bizot is of opinion that the scheme is one that should command the serious attention of the parties most interested in securing such advantages in Persia as at present offer before German enterprise and capital step in. He tells me he has mentioned this matter to both the English and Russian Ministers, and it is at his special request that I pass the suggestion on to you.

[12062]

No. 51.

*Mr. J. Woolf to Sir C. Hardinge.—(Received April 9.)**International Oriental Syndicate, Limited,**15, Angel Court, Throgmorton Street, London,**April 8, 1910.*

Sir,

WITH reference to my call upon Viscount Errington on Tuesday last and my subsequent interview, I hereby comply with the wish expressed to put on record my connection and the connection of the above syndicate with Persia.

I proceeded in November last to Tehran, and as a result of the negotiations carried on by me on behalf of my syndicate, and after having satisfied myself that under no condition would the Persian Government be prepared to accept a joint loan from England and Russia, I succeeded in impressing upon the Persian Government the advisability and advantages of putting the reorganisation of its finances into the hands of a British group.

During my stay in Tehran I have succeeded in gaining the full confidence of the Persian Government, and I convinced myself of the fact that the temper of the population will never permit the Government to accept the said joint loan, the general

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impression amongst the people being that, in accepting the said joint loan, they will surrender their independence.

My syndicate's idea was that the reorganisation of the Persian finances, undertaken by an English group, could only be to the advantage and the increased political influence of this country, and expected that in its endeavour to secure the goodwill of Persia for England, it would meet at least with the benevolent neutrality of the Foreign Office.

I returned to London towards the middle of February last, and after consultation with my syndicate, it was decided to approach Messrs. M. Samuel and Co., with which firm some members of my syndicate are on intimate terms, with the view to their undertaking the financial part of the business. My syndicate was guided in this by the recollection that Messrs. Samuel reorganised years ago the finances of Japan, and thus paved the way for the close political relations which exist to-day between that country and England. Messrs. Samuel were very much impressed with the business proposed, but insisted that they should be permitted to communicate with you in order to ascertain if they could rely on the assistance of the Foreign Office. In consequence Mr. Sam Samuel and Mr. Walter Levy called on the Foreign Office, and after obtaining the promise that no communication whatever would be made to the Russian Government of the information they were going to place before you, explained the proposed business. A few days later Messrs. Samuel addressed a letter to my syndicate declining the business, giving as the reason the letter they had received from the Secretary of State for Foreign Affairs, of which a copy was enclosed. To its utmost surprise my syndicate learnt from the letter of the Foreign Secretary that notwithstanding the promise given to Messrs. Samuel, the Foreign Secretary had communicated the whole of the information received to the Russian Government, and further that instructions had been telegraphed both to the British and Russian Ministers at Tehran to make certain representations to the Persian Government. This action of the Foreign Office was calculated to seriously jeopardise the position of my syndicate and my position with the Persian Government. But before we even had received Messrs. Samuel's letter we were informed from Tehran of the representations made by the English and Russian Ministers to the Persian Government as a result, no doubt, of Messrs. Samuel's communication to the Foreign Office, and were assured that, notwithstanding this regrettable indiscretion on our part, nothing was changed in the friendly relations of the Persian Government with my syndicate, and that the Persian Government was determined to proceed with the reorganisation of its finances undeterred by any protests or objections raised by England and Russia.

Messrs. Samuel not being prepared to proceed with the business, my syndicate, being fully aware that continental firms were only too anxious to have the handling of Persian finances, although reluctantly, decided to get into communication with these firms, as a result of which I am in a position to state that financial groups in two different continental countries are each separately prepared to carry through with my syndicate the reorganisation of the Persian finances. To avoid any misunderstanding, I am authorised to say that the Deutsche Bank is not one of these groups.

The position resolves itself now into the following:—

Is my syndicate going to be forced to avail itself of the assistance of foreign financiers for the putting in order of the Persian finances, or will the Foreign Office permit my syndicate to do it as a purely English transaction. All that my syndicate requires is the unofficial consent of the Foreign Office, and its assistance, in the not expected event of the Persian Government defaulting in the obligations to be undertaken by it in connection with the loan to be issued for the consolidation of its finances by my syndicate and its allied group. You will understand that one of the first acts of the group which is undertaking the consolidation of the Persian debt will be to pay off the loan granted by England and Russia, as well as the whole of the amount due to the Imperial Bank of Persia and the Russian Banque d'Escompte de Perse.

Whatever the view of the Foreign Office on this matter as a result of the Anglo-Russian Convention may be, I am compelled to point out that the consolidation of the Persian debt will be undertaken, and at once.

I take it that there is no necessity for me to point out the advantages which will accrue to this country both politically and commercially if such consolidation is carried through exclusively by an English group. If it should facilitate matters by giving Russia a participation in this financial transaction my syndicate is quite willing to concede this, but such participation must be of a private character, as Persia would not accept an official participation by Russia.

My syndicate is convinced that if action, as proposed by it, is not taken at once, Germany will come in and secure in exchange for its financial help, commercial privileges which otherwise would be given to England, and that German commerce is bound to reap the benefit of the close connection which Germany will then establish with Persia, to the detriment and the crippling of British trade in Persia.

From the knowledge gathered by me on the spot this danger is more serious than I believe is appreciated by England; Persia is not able to understand that this country having supported the accession to power of the Young Turk party, joins hands with Russia to delay, if not to hinder, the financial and political reorganisation of Persia.

I shall be obliged by your informing me, at your earliest convenience, what attitude the Foreign Office proposes to take up in this matter, and I trust that after the foregoing explanation the Government will see its way to give its support to British subjects working in the interest of British influence and commerce.

I have, &c.

JOSEPH WOOLF.

[12090]

No. 52.

Sir G. Barelly to Sir Edward Grey.—(Received April 9.)

(No. 148.)

(Telegraphic.) P.

Tehran, April 9, 1910.

SITUATION in the south.

I have received the following telegram from His Majesty's consul-general at Bushire, dated Fao, the 8th April:—

"In consequence of urgent letters from the sheikhs in question, which I received on my arrival, I proceeded to Mohammerah and Koweit.

"Emissaries from Soulet-ed-Dowleh and vali of Pusht-i-Kuh are at Mohammerah, and I found Sheikh Khazzal in an agitated and nervous condition. He represented to me that, unless His Majesty's Government could give him a specific guarantee of protection, in writing, against further Bakhtiari aggression, he could not preserve a neutral attitude, and thereby make enemies of Soulet and the vali, and that, if such a guarantee were not forthcoming in reasonable time, say a week, the only course that would be open to him would be to enter into some agreement for the purposes of self-preservation with the chieftains. He assured me that any agreement that he may make shall be such as will commit him to no aggressive action, but will be colourless and in conformity with the constitution. In the eyes of the chieftains Sardar Assad is fast usurping the position of dictator, over whom a discordant national assembly can exert no practical restraint; in their minds the Persian Government is a synonym for Bakhtiari ascendancy.

I believe that Soulet's activity would be immediately quieted and tension in Fars and Arabistan allayed if Sardar Assad could be induced to retire with dignity from the Cabinet; his continuance in his present position and policy will, on the other hand, bring about a crisis in the south of Persia destined to precipitate intervention, a sequel which would be considered preferable to Bakhtiari hegemony by all three parties concerned."

I will comment on above later.

[12091]

No. 53.

Sir G. Barelly to Sir Edward Grey.—(Received April 9.)

(No. 149. Confidential.)

(Telegraphic.) P.

Tehran, April 9, 1910.

M. FRANKENBERG, the French expert, having concluded his valuation of the Crown jewels, left for Europe to-day.

He informed my French colleague that the jewels were worth 20,000,000 fr. at a minimum estimate.

[12092]

No. 54.

Sir G. Barclay to Sir Edward Grey.—(Received April 9.)

(No. 150.)

(Telegraphic.) P.

Tehran, April 9, 1910.

ON the 7th April M. Poklewski was secretly informed by the Prime Minister that a plot seemed to be in preparation in his Cabinet for the purpose of placing all loan negotiations absolutely in hands of Sani-ed-Dowleh and Vosouk-ed-Dowleh, who were the Ministers who carried on the secret negotiations with the International Syndicate and who have in general pursued an independent policy from that of their colleagues. There appeared a danger that these two Ministers might start secret pourparlers with the agent of the Deutsche Bank now at Tehran, Saïd Reute, for the Khanekin extension, and, in view of our knowledge that the negotiations with the above-mentioned syndicate were proceeding, M. Poklewski and I, in order not to be confronted with a *fait accompli*, ordered the two dragomans yesterday to warn Sani-ed-Dowleh that if he persisted in negotiations irreconcilable with the attitude of England and Russia with regard to loans from third parties and concessions, as set forth in our note of the 7th April, we should demand his dismissal from office. The two dragomans conveyed a similar but slightly softened communication to Vosouk-ed-Dowleh.

No mention was made of Germany by the two dragomans, but Sani-ed-Dowleh volunteered a denial of any negotiations, for the Khanekin extension, with Germany.

Vosouk-ed-Dowleh's reply, although containing no reference to Germany, was generally reassuring.

Prime Minister, Minister of the Interior, Minister for Foreign Affairs, and Nasr-ul-Mulk, whom we informed of the steps we had taken, expressed themselves as pleased at our action, which they thought would tend to strengthen the more moderate element in the Cabinet.

[11954]

No. 55.

Foreign Office to Anglo-Persian Oil Company.

Sir,

Foreign Office, April 9, 1910,

WITH reference to your letter of the 6th instant relative to the extortionate demands put forward by certain of the Bakhtiari khans from your company for the cultivated land required by the latter for their pipe-line and works, I am directed by Secretary Sir Edward Grey to inform you that he has received a telegram from His Majesty's Minister at Tehran, reporting that His Majesty's consul at Ahwaz has gone to Ram Hormuz to assist the company's agents in their negotiations with the khans' representatives, and that the Ikhami and Ilbegi of the Bakhtiaris are telegraphing from Tehran to their representatives not to interfere with the company's work.

I am, &c.

LOUIS MALLET.

[12093]

No. 56.

Sir G. Barclay to Sir Edward Grey.—(Received April 10.)

(No. 151.)

(Telegraphic.) P.

Tehran, April 10, 1910.

ADVANCE to Persian Government.

My Russian colleague and I have received Persian Government's reply.

Note states that Persian Government are surprised that conditions which are open to the suspicion of being incompatible with Persian independence should have been attached. As regards financial reform and means of maintaining order, note states that both points form part of the Ministerial programme, and are already the first care of the Persian Government. Persian Government decline to entertain any conditions but such as relate to interest, sinking fund, and security, and the note concludes by expressing the expectation that we will restrict our conditions accordingly.

Since we decided upon our conditions situation has undergone a change. Apart from the increased distrust of Russia, the larger return from the Malat, the possibilities opened as a result of the French experts' valuation of the Crown jewels (please refer to my telegram No. 149 of the 9th April), the hopes raised in connection with an internal loan, unite to render the joint advance distasteful in the country.

[12069]

No. 54*.

Sir E. Goschen to Sir Edward Grey.—(Received April 9.)

(No. 24.)

(Telegraphic.) P.

Berlin, April 9, 1910.

WITH reference to your telegram No. 23 of the 8th instant, the language reported in my telegram No. 23 is said to have been held by the German Minister at his post and not in Berlin. I regret the mistake in my information.

In view of these facts I should be disposed to drop for the time being the question of the Anglo-Russian advance, and M. Poklewski agrees with me. Our attitude in regard to such concessions as railways has already been defined, and we might now make a declaration in sense of final sentence of third condition. It will be time enough to answer Persian Government's note when we learn how these are received, and we shall then be better able to determine to what extent our conditions may be lightened.

In the meanwhile the pledging of sources of revenue to third parties ought, for a time at least, to be blocked by our note of the 7th April, backed by steps reported in my telegram No. 150 of the 9th April.

[12116]

No. 57.

Sir G. Barclay to Sir Edward Grey.—(Received April 11.)

(No. 36. Very Confidential.)

Sir,

Tehran, March 15, 1910.

WITH reference to your telegram No. 472 of last year, to my telegram No. 67 of the 14th ultimo, and to your telegram No. 48, I have the honour to report that Messrs. Woolf and Osborne arrived in Tehran in December. They gave out that they had come for sport but had had the misfortune to lose their rifles in Russia. In view of the story of the lost rifles, it was some days before my suspicions were aroused that the alleged purpose of their visit was not the real one. In time, however, a member of the Government let out to my Russian colleague that Mr. Woolf was here on business, adding that he was a member of an Anglo-Belgian syndicate interested in the Caucasus. I questioned Mr. Woolf as to his real business here, but found him reticent. He told me, however, that he was not a member of an Anglo-Belgian syndicate, but that he was ready for anything that might turn up. Later enquiries of the Persian Government showed clearly that Mr. Woolf was in negotiations with them, but I was led to believe that it was in connection with a contemplated sale of Crown jewels.

I now have the honour to transmit a memorandum prepared by Mr. Churchill, narrating an interview he has had with a representative of the Ministers of Finance and Education, who are the Ministers who have had most to do with Mr. Woolf and his friend, giving an account of the negotiations which have resulted in the international syndicate's obtaining the option indicated in your telegram No. 48. You will observe that the two Ministers, who are aware that a protest is coming from the two legations, seek to palliate their having conducted these negotiations unbeknown to the British Legation, and aver that they have received offers of financial assistance from Germany. Mr. Churchill in his first draft of the enclosed memorandum had written that these offers "had been entirely rejected," a phrase to which Moin-el-Vizareh objected, suggesting that the words "no attention is being paid to them" should be substituted.

I have, &c.

G. BARCLAY.

Enclosure in No. 57.

Memorandum by Mr. Churchill.

(Very Confidential.)

MOIN-EL-VIZAREH came to see me to-day, and told me that he had been authorised by Vosouk-el-Dowleh and Sani-ed-Dowleh to give the legation a full account of the Persian Government's negotiations with Mr. Woolf.

When Mr. Woolf first came to Tehran he said he represented a syndicate, composed of certain English financiers, which was prepared to help the Persian Government to develop their resources, and he was ready to discuss any project the Persian Government might like to undertake. At first only jewels were discussed, and later, after Mr. Blake had been to Tehran, Mr. Woolf suggested that the Persian Government should capitalise their interest in the Anglo-Persian Oil Company. This led to negotiations, and it was arranged that Mr. Woolf should return to London to try to conclude an arrangement by which the Persian Government should receive a sum of money guaranteed by their interest in the oil company; but as some years would probably elapse before any revenue came in to the Persian Government from this source, it was arranged that other revenues, not already engaged (such as the Mint) should be assigned as guarantees for the advance in the interval.

The Persian Government did not take the British Minister into their confidence at the time, because they thought he would probably prefer not to be officially aware of the negotiations. In view of the relations between Great Britain and Russia, and feeling that Russia would be opposed to the proposed transaction, the Persian Government thought His Majesty's Minister would only be embarrassed by being informed of the negotiations and that he probably preferred to remain in official ignorance of them.

The two Ministers further instructed Moin-el-Vizarch to say that the Persian Government felt confident of Great Britain's sympathy and of her sincere desire to help Persia to put her house in order, but that they were by no means so confident on this score as to Russia; on the contrary, they felt that Russia was endeavouring by a policy of "pin-pricks" to gradually make the work of Government impossible and to embarrass the Persian Government in every conceivable manner. They found that when one incident had been raised and with difficulty settled, another immediately cropped up. In view of this state of affairs, and seeing that the request made by the Persian Government to the two Powers for an advance on the 13th December was not answered for nearly two months and that the two Ministers did not during that interval give the Persian Government any encouragement, they felt themselves justified in looking about for some means of extricating themselves from the financial embarrassments which surrounded them. In doing this they did not think, and do not think, there was any disloyalty in discussing a capitalisation of their interests in an English company which were so far absolutely unpledged. Far from expecting any opposition on the part of Great Britain, though they were not surprised to see it coming from Russia, they expected to receive help. When the conditions for an advance were put before the Persian Government they were found to contain numerous political clauses which were quite unexpected, and this, the Persian Government thought, entirely justified the course they had pursued. Moin-el-Vizarch said, in reply to my inquiry, that the two Ministers had not given him any definite information for the legation as to whether any written engagement had been entered into with Mr. Woolf or not, but he said he was authorised to say, very confidentially, that, to prove their loyalty in the matter of their relations with other Powers, they could tell the legation that offers had been made to them by others, to which no attention was being paid. They only entered into negotiations with Mr. Woolf because they were convinced that no other Power was behind him. I asked whether by "other Powers" he referred to Germany, and to this he answered in the affirmative.

G. P. CHURCHILL.

Tehran, March 14, 1910.

[12117]

No. 58.

Sir G. Barclay to Sir Edward Grey.—(Received April 11.)

(No. 37.)

Sir,

Tehran, March 16, 1910.

I HAVE the honour to acknowledge the receipt of your despatch No. 21 of the 16th ultimo, and, subject to the reservation that when the company are ready to deliver the shares the consul shall be consulted as to the time and place of the meeting at which their delivery to the khans is to be effected, I beg to express my concurrence in the course proposed.

I learn from His Majesty's consul at Ahwaz that the oil is not likely to pass through the pipe for two years, but, although I hope that long before that time the account for the Godar Bridge repairs will have been settled, and it was the settlement of this account which I had in view when I first suggested that the consul might be made the channel for delivery of the shares to the khans, there will doubtless be other matters awaiting settlement two years from now.

I have, &c.

G. BARCLAY.

[12118]

No. 59.

Sir G. Barclay to Sir Edward Grey.—(Received April 11.)

(No. 38.)

Sir,

Tehran, March 18, 1910.

I HAVE the honour to acknowledge your telegram No. 43 of the 4th March, instructing me to support Mr. Castelli.

As already reported, the Russian Minister, at the request of his Italian colleague, recommended that the Russian Government should facilitate for Mr. Castelli an inspection of Rahim Khan's plunder, as it is possible the former's carpets may be among the 200 with which Rahim Khan is stated to have crossed the frontier. My Russian colleague has now received from his Government the somewhat remarkable reply, that they will endeavour to induce the Caucasus authorities to allow the inspection.

The Persian Government have confiscated Rahim Khan's real property. I do not know what this amounts to, it is probably not nearly as valuable as the plunder he has safely stowed in Russia, but I have taken the opportunity to remind the Persian Government of our claim on account of the stolen carpets, in which Lloyd's are interested to the extent of 3,500*l*.

I have, &c.

G. BARCLAY.

[12119]

No. 60.

Sir G. Barclay to Sir Edward Grey.—(Received April 11.)

(No. 39.)

Sir,

Tehran, March 18, 1910.

I HAVE the honour to acknowledge the receipt of your despatch No. 17 of the 12th instant respecting the murder of certain Ismalis in the neighbourhood of Nishapur, and to report that I have informed the Minister of the Interior of the great importance attached by His Majesty's Government to the exemplary punishment of the authors of these outrages.

Major Sykes has recommended the dismissal of the Governors of Nishapur and Darrud, and the punishment of Moin-ul-Ghuruba and Haji Mahommed Bakir, all but the first of whom were undoubtedly more or less directly responsible for the murders.

I have not been able to bring the Minister of Interior to give full satisfaction to these demands. His Excellency refuses to dismiss the Governor of Nishapur, against whom he declares he can obtain no proof, or to punish the fanatical Mujtahid Moin-ul-Ghuruba further than to exile him to Kerbela or Nejef. He has, however, dismissed the Governor of Darrud, and imprisoned Haji Mahommed Bakir, who he promises shall be kept in prison for life. The property taken from the Ismalis has also been restored.

Although the result of my representations is not altogether satisfactory, I am disposed, having regard to the weakness of the central Government, to refrain from pressing the Minister of Interior further in the matter, except in the event of the Ismalis of the Nishapur district being further molested.

I have, &c.

G. BARCLAY.

[12120]

No. 61.

Sir G. Barclay to Sir Edward Grey.—(Received April 11.)

(No. 40.)

Sir,

Tehran, March 20, 1910.

WITH reference to my telegram No. 109 of the 14th March, I have the honour to transmit copy of the accompanying correspondence with the Persian Government relative to the placing by the Anglo-Persian Oil Company of a launch upon the Upper Karun for the purposes of the company's concession.

As you will notice, the permission is granted on the understanding that the launch is to be used for the company's business only. It is, moreover, only given for one year—a restriction which I thought it well to accept, subject to the reservation that the legation would apply for a prolongation in due course. The matter was pressing, as the launch

was about to reach Mohammerah, and the company's agents estimated the loss which would be incurred by delay at the high figure of 500*l.* a day. Had I held out for a permanent permission, there must have been in any case much delay, and the matter would very possibly have had to be submitted to the Medjliss.

I have, &c.
G. BARCLAY.

Enclosure 1 in No. 61.

Sir G. Barclay to the Persian Government.

Your Excellency,

Tehran, February 28, 1910.

IN pursuance of instructions from His Majesty's Government, I have the honour to inform your Excellency that for the purposes of its concession the Anglo-Persian Oil Company wishes to place an oil launch on the Upper Karun to tow barges. This facility is essential to the progress of the company's business, in which, as you are aware, the Persian Government is greatly interested, as thousands of tons of material have to be transported up the Upper Karun, and present transport facilities are quite inadequate.

I can guarantee that the launch will be used for the company's business only, and will be removed from the Karun when no longer required for the purposes of the company's concession.

I understand that the launch is ready to start towing forthwith, so that I trust that your Excellency will be able to return me a favourable answer without delay.

I avail, &c.
G. BARCLAY.

Enclosure 2 in No. 61.

Persian Government to Sir G. Barclay.

Tehran, March 13, 1910.

WITH reference to your Excellency's note of the 28th February last, respecting the petroleum launch desired to be put on the Upper Karun for the transport of instruments necessary for the petroleum mines, I have the honour to inform you that, as you have verbally informed me that the Grand Vizier has intimated to Mr. Churchill that the proposal has been accepted, the Persian Government being desirous to meet your Excellency's wish, the Foreign Office gives permission that, according to your request, a petroleum launch should be temporarily placed on the Upper Karun for the purpose of transporting the instruments necessary for the petroleum mines. The utmost period fixed for that purpose would be one year counted from the date of the beginning of the work up to twelve months. The launch in question should not work longer on the Upper Karun.

It is understood that, as your Excellency stated in your note that after the necessary work the launch would be removed from the Upper Karun, it will be removed altogether after the expiration of that period.

I avail, &c.
SAKAT-UL-MULK.

Enclosure 3 in No. 61.

Sir G. Barclay to the Persian Government.

Your Excellency,

Tehran, March 23, 1910.

I HAVE received with much satisfaction Sakat-ul-Mulk's note of the 13th instant, and I have authorised the Anglo-Persian Oil Company to place their launch upon the Upper Karun.

As I have already informed the Persian Government, the launch will only be used for the company's business, which it is so much to the interest of the Persian Government to further, and will be removed from the Upper Karun when no longer required for the purposes of the company's concession.

I note that the permission granted by the Persian Government only extends for a period of one year. I feel it right to inform you at once that this is not likely to suffice for the requirements of the company's business, in which case I shall be compelled before the year expires to apply to the Persian Government for a renewal of its permission.

I avail, &c.
G. BARCLAY.

[12123]

No. 62.

Sir G. Barclay to Sir Edward Grey.—(Received April 11.)

(No. 43.)

Sir,

Tehran, March 24, 1910.

WITH reference to my telegrams Nos. 114 and 126 of the 16th and 23rd instant respectively, I have the honour to forward copies of my note to the Persian Government and of their reply on the subject of the recent negotiations between the Persian Government and the International Syndicate for an advance of 500,000*l.*

I have, &c.
G. BARCLAY.

Enclosure 1 in No. 62.

Sir G. Barclay to the Persian Government.

Excellency,

Tehran, March 15, 1910.

I HAVE the honour to inform your Excellency that my Government has learned that a body known as the International Syndicate (Limited) is offering to a British firm the option of making to the Persian Government a loan of 200,000*l.* now and 300,000*l.* later on the security of the Persian Government's entire interest in the petroleum concession granted to Mr. D'Arcy on the 28th May, 1901, of the mint profits, of the uncharged revenues of the Persian State, and of the receipts from the posts and telegraphs.

In these circumstances, I am instructed to warn the Persian Government without delay that so long as the joint advance of 400,000*l.* offered to the Persian Government by the British and Russian Governments on the 13th ultimo is under consideration, and so long as the Persian Government are in arrear in their payment of interest and of principal to His Majesty's Government and to the Imperial Bank of Persia, His Majesty's Government cannot agree to the hypothecation by the Persian Government of any sources of its public revenue to any advance except that now under negotiation between the British and Russian Governments on the one side and the Persian Government on the other.

I avail, &c.
G. BARCLAY.

Enclosure 2 in No. 62.

Persian Government to Sir G. Barclay.

Tehran, March 20, 1910.

I HAVE the honour to acknowledge the receipt of your note of the 15th instant respecting the statements of an international syndicate received by your well-respected Government. It is inserted in the note under reply: "So long as the joint advance of 400,000*l.* offered to the Persian Government by the British and Russian Governments on the 13th ultimo is under consideration, and so long as the Persian Government are in arrear in their payment of interest and principal to the Imperial Bank of Persia, His Majesty's Government cannot agree to the hypothecation by the Persian Government of any sources of its public revenue to any advance except that now under negotiation between the British and Russian Governments on the one side and the Persian Government on the other."

In reply, I have the honour to state, firstly, that the Persian Government is convinced, and of course your Excellency will also admit, that the only negotiation of an advance and a loan between the Persian Government and the Governments of

[1722]

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Great Britain and Russia cannot do away with the full power of the Government over its uncharged sources of revenue, which are feasible for all kinds of transaction; secondly, that my Government gives assurances that any arrangements made by the Persian Government with your well-respected Government in connection with any of the sources of the revenue of the country will always be fully respected.

I avail, &c.

MD. EBRAHIM GHAFARI.

[12124]

No. 63.

Sir G. Barclay to Sir Edward Grey.—(Received April 11.)

(No. 44.)

Sir,

Tehran, March 24, 1910.

WITH reference to my telegram No. 83 of the 26th February and to yours No. 42 of the 2nd March, I have the honour to transmit herewith copy of the agreement concluded between the Persian Government and the Imperial Bank on the 9th instant, which gives the bank a mint monopoly for one year.

Technically, the Persian Government reserve to themselves "the entire monopoly of importing silver for coinage by the Imperial Mint," but as they have not the necessary capital available for the purpose, they appoint the Imperial Bank "sole agents for the purchase of such silver," and the bank agrees to provide 200,000*l.* for this object, which is to be repaid as the silver is coined.

It is calculated by the bank manager that, if the whole 60,000,000 miscalis of silver (say, 1,000,000*l.* worth) is imported in the year, the Persian Government's approximate profit should be from 15 to 20 per cent., or, say, 150,000*l.* to 200,000*l.*

The advance of 200,000*l.* is, of course, not an advance to the Persian Government, as at no time will it be at their disposal; but the bank has agreed to give the Persian Government in advance, "should the necessity arise, the approximate profit accruing on each parcel of silver sent to the mint." This in practice will only amount to the placing at the disposal of the Persian Government, perhaps a fortnight in advance, the sums due to them by the bank on account of their profit.

The advantage to the Government lays in the fact that they are dealing with an honest institution, and will be certain of obtaining direct a handsome profit out of the mint, instead of, as formerly, leaving it in the hands of a native farmer, and obtaining only as much as could be squeezed out of him.

Besides the 9 per cent. interest on advances and the $\frac{1}{4}$ per cent. commission on the value of the silver imported, the bank will have the immense advantage of being the sole holders of kranis, and thereby being able to dictate their own terms in the matter of purchasing any bills on Europe which may be offered either for the purpose of a foreign loan to the Persian Government or in the ordinary course of commerce, and the bank is to be congratulated on having secured so advantageous a business.

Politically, the agreement is an object lesson in the manner in which a financial arrangement with such far-reaching effects can be concluded secretly, speedily, and without the official cognisance of the Medjliss. The negotiations were conducted by a deputy with the bank direct, and the legation was in no way brought into the discussions, though Mr. Rogers laid the matter before me by order of his board of directors. I felt obliged to inform you of the proposals by telegraph, so as to give you an opportunity of expressing your views as to whether the arrangement should be concluded without consulting the Russian Government; but having regard to your decision not to interfere in the matter, I have not mentioned it to my Russian colleague.

I have, &c.

G. BARCLAY.

Enclosure in No. 63.

Agreement between the Persian Government and the Imperial Bank of Persia.

AN AGREEMENT, made between the Imperial Bank of Persia on the one part and His Imperial Majesty the Shah of Persia's Government on the other part, by which the Imperial Bank of Persia undertakes to buy bar silver for account of His Majesty's Government and for shipment to Persia for the purpose of coinage by the Imperial Mint, upon the following conditions:—

THIS agreement shall be in force for the period of one year, from the 21st March, 1910, until the 21st March, 1911.

2. The Persian Government having reserved to itself the exclusive monopoly of importing silver for coinage by the Imperial Mint, the Imperial Bank of Persia is hereby appointed sole agent for the purchase of such silver for account of the Persian Government and for the forwarding of the same to Tehran, and the Persian Government binds itself not to import any silver whatever through the agency of any other party, but solely through the Imperial Bank of Persia, and not to purchase silver imported by any other party during the period for which this agreement remains in force. The Persian Government agrees to pay all expenses covering the purchase of the silver and its transit to Tehran, including insurance, &c., incurred by the Imperial Bank of Persia on account of the Persian Government, as set forth in article 8.

3. The Persian Government binds itself to purchase exclusively from the Imperial Bank of Persia all foreign exchange for the importation of the silver in question.

4. The rate for the purchase of all such exchange is fixed upon the basis of $\frac{3}{4}$ per cent. above the buying rate of the Imperial Bank of Persia for telegraphic transfers on London. The price at which the silver is to be purchased shall be determined simultaneously with the fixing of the rate of exchange.

5. The amount of silver to be imported under the terms of this agreement is to be 60,000,000 miscalis, but it is understood that should it not be profitable, on account of the rate of exchange and the price of silver, to import this amount, it will not be binding on either side to import under such conditions.

6. The Persian Government agrees to pay the Imperial Bank of Persia a commission of $\frac{1}{4}$ per cent. on the value of all bar silver imported during the period of this agreement, this commission to be calculated on the sterling cost of the silver payable in kranis at the same rate for sterling as fixed for each parcel of silver purchased.

7. The Imperial Bank of Persia agrees to provide such sums as shall be required from time to time for the purchase of bar silver to the extent of 200,000*l.*, of which the equivalent is to be repaid as the silver is coined by the Imperial Mint. Interest on all such advances to be at the rate of 9 per cent. per annum.

8. All silver *en route* to Tehran, in the bank, and at the mint during the process of coinage and otherwise will remain under hypothecation to the Imperial Bank of Persia as security for the sums advanced. It is agreed that, should the necessity arise, the approximate profit accruing to the Persian Government on each parcel of silver sent to the mint is to be held at their disposal from time to time in advance, full provision, however, being allowed for the refund of the cost of such silver, with the charges and interest thereon, to the Imperial Bank of Persia. It is also agreed that the amount of silver necessary to be at the mint at any one time in order to keep the machinery fully employed is considered to be about 50,000*l.*

Done in duplicate, Tehran, the 9th March, 1910.

[12125]

No. 64.

Sir G. Barclay to Sir Edward Grey.—(Received April 11.)

(No. 45.)

Sir,

Tehran, March 24, 1910.

THE conflict between the Cabinet and the Medjliss and the internal dissensions existing among the Cabinet Ministers have become more acute since I reported on the subject in my despatch No. 34 of the 11th instant, and the latest development is the resignation from office of the Ministers of Justice, Finance, and Public Works.

Though it is extremely difficult, owing to the conflicting nature of the reports which reach me, to learn the truth, I believe that the present development is chiefly due to two causes: (1) the appointment of Moavin-ed-Dowleh as Foreign Minister, which is distasteful to the three Ministers who have resigned; and (2) the negotiations lately undertaken by the Ministers of Finance and of Public Works with M. Woolf, of the International Syndicate.

The notes presented to the Persian Government by my Russian colleague and myself, protesting against the negotiations with the International Syndicate, brought the matter into prominence, and the Cabinet had to submit the two notes to a committee of the Medjliss, which insisted upon seeing the Anglo-Russian conditions for the advance therein referred to. I am told by the Prime Minister that Sani-ed-Dowleh endeavoured to justify himself and the Finance Minister for conducting the negotiations with M. Woolf independently, on the ground that he (the Prime Minister) could not be taken into their confidence owing to his notorious Russian leanings. Whether

this account is true or not, there is no doubt that the Cabinet Ministers are finding it very difficult to pull together, and some of them give as the principal cause of their difficulties the unreasonable attitude of the Medjliss. As to this charge I am really not in a position to judge, for, as was the case with the first national assembly, the real activity of the deputies is reserved for secret sittings and committee meetings. The public proceedings are so purely formal that an account of them would give no clue to the important part taken up by the deputies in political affairs. As an example of this, I would mention the Imperial Bank's recently concluded mint contract, which forms the subject of my despatch No. 44 of to-day's date. The negotiations were conducted throughout by a member of the Medjliss, Vakil-ul-Roaya, and the utmost secrecy was observed. How far the Medjliss, as a body, was consulted I am not in a position to say, but I am inclined to think that only a few of the deputies were taken into Vakil-ul-Roaya's confidence, and, at any rate, no allusion was ever made to the subject in open session. At the same time, negotiations are being conducted through the same channel with the Imperial Bank, with the object of converting the Government's floating debts to that institution. The same secret methods can of course be adopted in the case of loan negotiations with a group of financiers, as has been shown in the case of the International Syndicate, or even with a foreign Power, and therefore we should bear in mind the ever present possibility of being confronted some day with a *fait accompli*. The appointment of Moavin-ed-Dowleh as Minister for Foreign Affairs, though I understand that my Russian colleague is satisfied with it, does not reassure me on this score, as he has by no means a high reputation for honesty or straightforwardness. But I hope that the joint protest we have addressed to the Persian Government, which I propose to follow up with a stiff rejoinder to the answer lately received from them, will have a deterring effect.

In the meantime, the agitation against the continued stay of the Russian troops is being kept up, and a circular was recently issued by the clergy forbidding the observance of festivities on the occasion of the Persian new year, and enjoining upon the people the necessity for mourning owing to the presence of foreign troops "on sacred Persian soil." These demonstrations are no doubt somewhat childish, but, at the same time, it cannot be ignored that the continued occupation of Kazvin, for which there seems to be no really valid excuse, is largely responsible for the atmosphere of hostility which seems likely to prove fatal to the Anglo-Russian offer of financial assistance.

I am told that the Persian Government will, in a few days, give us a reply to our conditions for the joint advance, and I am inclined to think that it will amount to a refusal to accept our conditions, for though Sipahdar, as reported in my telegram No. 114 of the 16th March, gave us to understand that the answer would take the form of an inquiry as to the conditions which would be attached to a larger loan, other members of the Cabinet have given me a very different impression. Sardar Assad, indeed, went so far as to tell Mr. Churchill a day or two ago that no conditions whatever could be accepted. There now seems, however, a good prospect of the Persian Government's obtaining funds elsewhere than from the two Powers. I do not refer to the project in which the International Syndicate is interested, and which the two Powers are seeking to thwart, nor to the dubious chances of success of an internal loan secured on the State lands, which is said to be engaging the attention of a committee of the Medjliss, and is viewed with a show of enthusiasm by the public. It is the Crown jewels which I have in my mind. M. Falkenberg, the French expert engaged to value these, has arrived in Tehran, and is now proceeding with his work. He has as yet seen only a part of the collection, but his appraisalment of this portion reaches the high figure of 12,000,000 fr. as the sum which it would realise if offered for sale in Paris at the auction rooms with which M. Falkenberg is connected. It would thus seem that the jewels alone could, if sold, provide the Government with considerably more money than is offered by the two Powers.

As regards the provinces, in Azerbaijan, the outlook has cleared to some extent through the departure of Sattar Khan and Bagher Khan, who, owing to Russian pressure, have been forced to leave Tabreez, and are nominally on their way to Tehran, though I believe it is intended to divert their course to Kerbela. This step, combined with a promise by the Persian Government to see that people are prevented from carrying arms promiscuously at Tabreez, has arrested the advance of the Russian reinforcements, which had already reached Julfa owing to reports from the Russian acting consul-general, pointing to a conflict between the fedai and the Russian detachment at Tabreez.

Further light has been shed during the past month on the disaffection of the

principal chiefs in the south towards the central Government, due to jealousy of the Bakhtiari. The Sheikh of Mohammerah, to whom I have sent a warning not to intrigue with Soulet-ed-Dowleh, chief of the Kashgai, took the opportunity to unbosom himself to the acting British consul, as reported in my telegram No. 81 of the 24th February. It is pretty clear that others besides Soulet-ed-Dowleh have been in treasonable communication with the sheikh. How far his grievances against Sardar Assad, the Minister of the Interior, are real I have no information enabling me to judge. Sardar Assad, when I mentioned the feeling against him in the south, affected to make light of it. He said he had sent conciliatory messages to Soulet-ed-Dowleh. What effect these have had on the Kashgai chief I do not yet know, but that the Sheikh of Mohammerah is still apprehensive is clear from his pressing me (see my telegram No. 127 of the 23rd instant) for guarantees against Bakhtiari encroachments. I am assuring him in reply that I am watching the situation closely, and that I think he exaggerates the danger. At the same time, I am giving him a general promise of support if representations from himself to the central Government do not stop the encroachments he complains of.

The new Governor of Fars, his Highness Zafar-es-Saltaneh, has left Tehran for his post, but is now waiting at Kumm for the troops which are to accompany him. The Persian Government, it appears, is experiencing some difficulty in mobilising this small force owing to lack of funds. Meanwhile, the state of the southern roads shows no improvement. The Bushire-Shiraz road via Jireh is, it is true, working fairly under Soulet-ed-Dowleh's auspices, but the main route is completely blocked by disorders. The road on from Shiraz to Ispahan is also most unsafe, and there is a miniature rebellion at Kumishah, where a certain Karib Khan, fearing arrest for forgery of some Imperial Bank notes, has collected some 1,500 followers, and for the moment defies the authorities.

I have, &c.
G. BARCLAY.

[12126]

No. 65.

Sir G. Barclay to Sir Edward Grey.—(Received April 11.)

(No. 46.)
Sir,

Tehran, March 24, 1910.

I HAVE the honour to transmit herewith the usual monthly summary of events in Persia for the past four weeks.

I have, &c.
G. BARCLAY.

Enclosure in No. 65.

Monthly Summary of Events in Persia for Four Weeks ending March 24, 1910.

Tehran.

MOTAMID-I-KHAKAN has resigned the post of Governor of Tehran, and has been appointed Minister of Finance.

Moavin-ed-Dowleh has been appointed Minister for Foreign Affairs, and was presented to the Medjliss in this capacity on the 18th instant.

Mr. Falkenberg, a French expert, has arrived from Paris for the purpose of valuing the Crown jewels, for which he is receiving a fee of 20,000 fr.

The new Dutch Minister, Mr. Oudendyk, the new American Minister, Mr. Russel, and the former Austro-Hungarian Minister, Mr. Rosthorn, have arrived together at Enzeli, and are on their way to Tehran. Mr. Said Reute, the representative of the Deutsche Bank, and Mr. Claude Anet, the French writer, arrived by the same boat.

Mr. Bizot, the financial adviser, has left Tehran. His contract, which had expired, was renewed for three months, at a nominal salary, with the sanction of the Medjliss.

The Cabinet crisis which occurred at the beginning of March was followed by a second, a fortnight later, when Sani-ed-Dowleh (Minister of Public Works), Vosouk-ed-Dowleh (Minister of Finance), and Mushir-ed-Dowleh (Minister of Justice) tendered

[1722]

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their resignations. The complex situation which has now arisen is dealt with in a separate despatch.

The Medjliss has been chiefly occupied during the past four weeks in considering the various departmental budgets presented to it. Its public proceedings, however, are somewhat formal and uninteresting. Most of the work is done in secret.

On the occasion of the Persian New Year the Shah and Regent held a reception of the Corps Diplomatique.

G. P. CHURCHILL.

Tabreez.

Quiet has prevailed. The Government troops, some 900 strong, under Yefraim and Sardar Bahadur, arrived from Karadagh on the 23rd February. On the 9th March His Majesty's consul reported a recurrence among certain classes of the population of the agitation against the presence of the Russian troops. Mr. Miller was inclined to take a serious view of things, but while Mr. Shipley considered his fears not groundless he thought that the Governor-General could deal with the situation if part of the Government troops remained at Tabreez. The Russian consul-general having sent alarmist telegrams as to the state of affairs in the town to his Government, the latter on the 10th March announced their intention to send one battalion of infantry, 100 cossacks and two guns to Tabreez. In reply to an enquiry from His Majesty's Minister Mr. Shipley reported on the 12th March that the town was quiet, that, thanks to the measures taken by the Governor-General, the anti-Russian agitation had subsided, and that he could not confirm either the alleged intention to attack the Russian Bank or that a conflict between Russian troops and the followers of Sattar and Bagher Khans was probable. The latter had 1,000 to 1,200 followers and might raise 1,000 more, but there were no signs of any unusual activity on their part. He added, however, that the necessity for the removal of Sattar and Bagher Khans was as urgent as ever, in order that the town might return to its normal condition. On the 13th March Mr. Shipley reported that he learnt from Mr. Miller that the Russian Government had demanded the disarming of Sattar and Bagher Khans' men, failing which more Russian troops would enter the province. Mr. Shipley said that he could not see that the necessity for this measure was so pressing as the Russians appeared to think, and that its execution would be sure to produce the worst possible impression on the population and increase their suspicion of Russia's motives. On the other hand, Sattar and Bagher Khans seemed to rely on Nationalist sentiment preventing force being used against them, and any attempt to disarm their followers would be likely to cause a serious disturbance. The Governor-General, however, was doing his best to get them to leave for Tehran, and had hopes of succeeding in this. On the 15th Mr. Miller informed Mr. Shipley that 100 cossacks, two companies of infantry and two guns had come to Persian Julfa, the remainder of the infantry battalion remaining at Russian Julfa. On the same day the Russian Minister at Tehran presented a note to the Persian Government demanding the expulsion of Sattar and Bagher Khans from Tabreez and the disarmament of their followers. His Majesty's Minister supported this demand. M. Poklewsky informed Sir G. Barclay that the Russian troops had left Tiflis and that the Caucasian authorities had reported that they could not stop at Julfa, but must go on to Tabreez. The Russian Government had, however, forbidden the troops to cross the frontier without further orders. On the 16th March M. Poklewsky informed Sir G. Barclay that the troops would remain at Julfa until further orders, and that he had given the Persian Government until the 17th March to get Sattar and Bagher Khans away from Tabreez. The two Khans left Tabreez for Tehran with 100 horsemen and some Government troops on the 19th March. The Russian troops have been withdrawn from Julfa to Erivan.

Resht.

1. Moayyer-ul-Mamalek, the new Governor-General of Khilan, arrived on the 3rd March. Order reigns in the town and district, but minor disturbances were reported early in March from Talish. A police force has been organised in Resht.

2. From reports received from the British agent at Asterabad, it appears that in February Messrs. Leonozoff complained to the Russian consulate that the Turkomans were netting about 1,000 fish a day near Khoja Nejeff. On a complaint being made to the governor, the latter offered to send 100 horsemen to stop the Turkomans fishing. M. Dolgopouloff replied that even 1,000 horsemen would be of no use, and suggested that the governor should give the fishery people 20 rifles and let them settle the matter.

He added that, if necessary, Russia could easily send 5,000 men along the Turkoman coast. The governor then sent twenty rifles and a case of ammunition to the Russian consulate and on the 4th February, M. Dolgopouloff with representatives of Messrs. Leonozoff left for Khoja Nejeff, where with the help of the Darya Begi, he seized some forty Turkoman boats and disarmed the fishermen, who all had rifles. Deprived of their boats, the Turkomans will be unable to fish for the next two or three months. From a private letter from the director of customs at Bander Gez, dated the 15th February, His Majesty's vice-consul at Resht learned that Russian troops had occupied the fisheries of Gumish Teppeh, Khoja Nejeff, and Kara Su. At Kara Su a Russian gunboat from Ashurada had landed a gun. It appears that Messrs. Leonozoff lay claim to, among others, the Gurgan fisheries, on the river and at its mouth, which the Turkomans have always maintained belong to themselves. Messrs. Leonozoff's claim to fish in the upper reaches of the rivers is generally contested by the inhabitants of the Persian Caspian provinces, who maintain that they are only entitled to fish at the mouths of rivers.

Meshed.

1. Colonel von der Flaas, Russian military attaché in Seistan, who left Seistan for Russia on completion of his time in Persia in January, passed through Meshed towards the end of February.

2. The remainder of the Russian troops at Meshed are under orders to return to Askabad in the spring.

3. On the 2nd March a Russian Cossack officer was returning late at night to his house and was asked for the pass word. His Cossacks beat the policeman and it is alleged that the officer kicked him. There is much ill feeling on the subject.

4. Prince Dabija recently gave sanctuary to a well-known ruffian of the ex-Shah, whom the Persian Government is most anxious to seize.

5. Meshed has remained quiet. Asaf-ed-Dowleh was early in March appointed to succeed Rukn-ed-Dowleh as Governor-General, but public opinion in Tehran and Khorassan against the former was very strong and his appointment was cancelled. The Russian Legation also regarded his appointment with disfavour.

6. The Persian view the abolition of His Majesty's consulate at Turbat-i-Haideri with some dismay. According to Prince Dabija, the Russians intend to withdraw their consulate from Bunder Abbas.

Turbat-i-Haideri.

1. Orders having been received for the abolition of His Majesty's consulate at Turbat, a native agent has been appointed who will in future report the Turbat news.

2. Salar Khau escaped from Aliak during the last week of January and fled towards Turshiz. He was followed and surrounded in a village called Saddudin, but appears to have again escaped and to have reached Meshed, whence he intended going to Tehran.

3. On the 27th January six Russian Cossacks arrived from Russia to replace six whose tour of service had expired; on the 3rd February two arrived from Meshed on their way to Seistan.

Seistan.

1. The district remains quiet. Since the arrival of Hashnat-ul-Mulk in Seistan the administration has sensibly improved, and little is heard of the recalcitrant Belooch chiefs.

2. During February, 1,413 cases were treated and nineteen operations performed in the Seistan hospital, and 1,267 cases treated in the Birjand hospital.

Ispahan.

1. The town has remained quiet. Sardar-i-Ashjaa has been confirmed in the governorship. Seradr-i-Zafar, however, informed Mr. Grahame that the Central Government had decided, apparently to avoid jealousies among the Bakhtiari Chiefs, that none of them should be Governor of Ispahan. He added that Sardar-i-Ashjaa would probably not retain office after the Persian New Year. He predicted that no one except Bakhtiaris would be able to keep order in Ispahan.

2. The roads, that to Shiraz excepted, have been safe and traffic has been normal. On the Shiraz road, Kumishah has since the middle of March been the scene of disturbances caused by Karib Kha, formerly Chief of Police at Ispahan, who, on his

dismissal fled to that place, and has collected a force said to number 1,700 men. A force of 400 infantry and fifty Bakhtiari horsemen, with guns, has been dispatched from Ispahan to deal with him, and another from Chahar Mahal is to co-operate with it.

3. Mr. Smart arrived from Tehran on the 8th March and left on the 13th with an escort of twelve men of His Majesty's consul-general's Indian escort for Shiraz, where he has been appointed His Majesty's acting-consul.

Yezd.

The town has remained quiet. The roads, that to Kerman excepted, have continued safe. On the Kerman road several large bands of robbers have plundered several caravans and posts, and the road is again quite unsafe. The governor with a force has taken the field against the robbers, and has captured one party of thirty men with 900 plundered sheep. The local assembly has not yet accepted a Parsee member, though ordered to do so by the central government. No member for Yezd has yet been elected to the National Assembly.

Kermanshah.

The town continues quiet and is efficiently policed. The roads are safe and blackmailing of caravans has ceased. Throughout the province all is reported quiet. Much credit is due to Nizam-es-Sultaneh who is moving about the province with a force of all arms arresting various offenders. Three of his more important prisoners have been sent to Tehran for punishment. The local assembly endeavoured to get them tried at Kermanshah, but the governor insisted on sending them to Tehran. His firmness has had a good effect, and some of the tribes have submitted and sent contingents to join him; his total force now numbers 2,000 men. Daoud Khan and other important tribal chiefs seem inclined to submit to the Government, but rumours to the effect that the Russians are about to reinstate the ex-Shah have caused them to delay making their submission.

Kerman.

Quiet has prevailed. Kawam-ul-Mulk has been appointed governor for the next year. He has received satisfactory messages from the Belooch Chiefs, whom he has arranged to meet at Bam, where their grievances will be discussed. The administrative methods of reformers sent from Tehran have somewhat irritated the population, but an attempt by a priest to raise an agitation against them has failed. The roads to Yezd and Bunder Abbas are practically blocked to traffic owing to the presence of bands of robbers who have committed many robberies.

Shiraz.

The town has on the whole remained quiet. There have, however, been several burglaries and a mob recently raided the house of M. Nataf, the representative of the Alliance Israelite, he and his wife being compelled to seek refuge in his Majesty's consulate. Nasir-ul-Mulk has been appointed deputy governor. The Governor-General elect, Zafar-es-Sultaneh, has only recently left Tehran for Shiraz. The Ispahan road, especially near Sivend, and the Kazerun route to Bushire between Kazerun and Daliki are very unsafe, numerous robberies of posts and caravans being reported. The Jirreh road is open under the auspices of Soulet-ed-Dowleh, but it is reported to lack accommodation at the various stages. Moreover, the muleteers strongly resent Soulet-ed-Dowleh's recent arrangement with the khans of Daliki and Borasjun to divert the trade through their territories. This entails two long marches along a bad road on which no supplies are to be had. The khans of Tangistan and Chahkuteh are also trying to divert the traffic into their own jurisdiction. Soulet-ed-Dowleh was occupied during the latter part of February in coercing a Kashguli chief, Jawad Khan, whom he eventually captured. It appears that Soulet-ed-Dowleh made an effort to compose his differences with the Kawamis on the sole condition of a mutual surrender of Kashgai and Khamsch refugees, but nothing came of it.

PERSIAN GULF.

Bushire.

1. His Majesty's acting consul-general handed over charge of the French vice-consulate to M. L. Héritte on the 17th January.

2. Major Cox, His Majesty's resident in the Persian Gulf, arrived at Bunder Abbas on return from leave on the 21st March.

3. Mirza Hussein, ex-clerk of the German consulate, and Mirza Ali Kazeruni, who were elected members of the National Assembly for the Gulf ports, have fallen out and have been trying to expose each other's iniquities. The persistent accusation made against Mirza Hussein that he had not severed his connection with the German consulate and was intriguing with the consul led to Herr Wassmus complaining to the local authorities. The latter issued a warning to the parties concerned not to import the German consul's name into their quarrels. The governor, who was reported to be trying to get Mirza Hussein's election cancelled, was said to have replied that nothing was known officially to him and to the local assembly on the subject and therefore the matter called for no action for the time being. Mirza Hussein applied to the local assembly for three weeks' leave to enable him to go down to Muscat but his application was refused. It is surmised that he was nervous as to the safety of his arms on account of the activity of His Majesty's ships and wanted to go to Muscat to make fresh arrangements personally for the disposal of the arms which he is expecting by the next German steamer.

Bunder Abbas.

On the 9th March, Darya Bagi captured and deported from Jask Mir Barkat, the leading Baluch chief of that neighbourhood who helps Afghan gun runners. His Excellency brought him to Bunder Abbas. On the 13th March, Darya Bagi was surrounded in Government House by a number of armed men under Hussein Kuli Khan, a follower of Seyyid Abdul Hussein Lari and narrowly escaped capture, but with the help of reinforcements from the "Persepolis" the assailants were repulsed.

Lingah.

Early in February the road to Lar was infested by robbers who plundered two caravans. There were rumours that the Il-i-Nafar tribe contemplated an attack on the town, but nothing has come of this.

Ahwaz.

Various Bushire merchants recently wrote to Messrs. Lynch, Ahwaz, asking if they were willing to forward goods for them via the Lynch road as the Shiraz road was closed. Messrs. Lynch, owing to the large number of packages still on hand for forwarding, have not yet replied to the merchants.

C. B. STOKES, Major,
Military Attaché.

[12142]

No. 66.

Sir A. Nicolson to Sir Edward Grey.—(Received April 11.)

(No. 169.)

Sir,

St. Petersburg, April 2, 1910.

I HAD a conversation this afternoon with M. Isvolsky in regard to possible German action in Persia, and I gave him in a *pro-memoria* the substance of your observations to the German chargé d'affaires, as communicated to me in your telegram No. 156 of the 1st instant. I explained that the conversation with M. de Kühlmann had been quite informal and unofficial, but that you thought it might interest him to know what had passed. M. Isvolsky expressed his best thanks, and remarked that your observations were most interesting. He would, he added, naturally keep me fully informed of the course of any discussions which might take place between him and the German Government in regard to the Bagdad Railway, but he doubted if they would lead to any results. I thought it as well to give M. Isvolsky a summary in writing of your remarks, as they will be a useful guide to him in any conversation he may have with the German Ambassador.

[1722]

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I told M. Isvolsky that I was glad we had come to an agreement as to the text of the communication to be made to the Persian Government, and that the necessary instructions had now been sent to Sir George Barclay and M. Poklewski. It would be well that the Persian Government should receive a warning as soon as possible. His Excellency remarked that as long as Great Britain and Russia held firmly together they were on very strong ground. He had not heard positively that there was any immediate intention on the part of German financiers to make an advance, and they would find the obstacles in their way very serious if they seriously contemplated such a step. As to railway concessions, he was beginning to regard that question with a certain quietude. Even supposing that the Persian Government, in spite of our warnings, granted a concession, it would be impossible for the Germans to put it into execution, in any case until the Bagdad Railway was constructed. The Russian Government would decline to allow any material to go in transit through Russian territory. I remarked that material could be imported from the south by sea. The cost of transport would perhaps be very great for northern lines, but for lines in the south the same difficulties would not exist.

M. Isvolsky remarked that in his view the action of Germany was prompted by various motives. The Government perhaps wished to show the German public that they were ready to encourage and promote German enterprises in a new field; and they also might think that they could put pressure on Russia to be conciliatory in matters connected with the Bagdad Railway. There was, further, the desire to impress on Russia that her understanding with England did not preserve her from admonitions from Berlin, and there was possibly a hope that some divergence of views might be developed between England and Russia. "Enfin," he said, "il y a un peu de tout" in this last move of Germany.

I observed that the press had now got wind of what was passing, and he said that some Russian journals had already taken up the matter.

I asked if Count Pourtalès had again referred to the subject, and he replied in the negative. He expects to receive a written communication before long, and I think he is quite prepared for it not being couched in very agreeable terms.

I have, &c.

A. NICOLSON.

[12145]

No. 67.

Sir A. Nicolson to Sir Edward Grey.—(Received April 11.)

(No. 174.)

Sir,

St. Petersburg, April 6, 1910.

ON receipt of your telegram No. 150 of the 30th ultimo, I informed M. Isvolsky in a private letter of the proposals of the Persian Government to convert the debts due to the Imperial Bank into a sterling loan, and I added that His Majesty's Government saw no valid reason to object to the arrangement, and that, moreover, the bank was independent of their control. M. Isvolsky gave me no reply, and I wrote to him yesterday to ask if the Russian Government had any objection to the proposed arrangement. I beg leave to enclose copy of a letter which I received from his Excellency last night, stating that no objection would be raised on the part of the Imperial Government.

I have, &c.

A. NICOLSON.

Enclosure in No. 67.

M. Isvolsky to Sir A. Nicolson.

Mon cher Ambassadeur,

Saint-Petersbourg, le 23 mars (5 avril), 1910.

EN réponse à votre lettre d'aujourd'hui, je m'empresse de vous faire savoir que nous n'avons pas d'objections à ce que la Banque Impériale de Perse accepte la proposition du Gouvernement persan de consolider les dettes contractées par lui à cette banque, d'autant plus que cette opération serait conforme au paragraphe 2 des conditions dont il est question dans ma lettre du 12 (25) mars, année courante.

Votre sincèrement dévoué,

ISVOLSKY.

[12253]

No. 68.

India Office to Foreign Office.—(Received April 11.)

Sir,

India Office, April 9, 1910.

I AM directed by the Secretary of State for India to invite attention to my letter of the 24th February last regarding the proposed joint advance of 400,000*l.* to the Persian Government, and to give renewed expression to Lord Morley's strong feeling that the letter from this Office, dated 11th February, 1908, should not longer remain unanswered.

I am, &c.

R. RITCHIE.

[12266]

No. 69.

Imperial Bank of Persia to Foreign Office.—(Received April 11.)

Sir,

25, Abchurch Lane, London, April 9, 1910.

I HAVE the honour to enclose, for the information of His Majesty's Principal Secretary of State for Foreign Affairs, copy of letter addressed by my directors to the chief manager of the Imperial Bank of Persia in Tehran, confirming telegrams recently exchanged relative to the undertaking come to by the Persian Government regarding the payment of their long outstanding debts to the bank.

As originals of these telegrams were submitted to the Foreign Office before dispatch, and had their approval, my directors venture to hope His Majesty's Minister in Tehran will be instructed by Secretary Sir E. Grey to give the manager of the bank the full weight of his support in getting the Persian Government to give the most binding undertaking for prompt monthly payments being made from the custom-house receipts, to be hypothecated for that purpose, and that the claims of the bank thereon will have priority over any other claimants.

I am, &c.

G. NEWELL, Manager.

Enclosure 1 in No. 69.

Imperial Bank of Persia, London, to Imperial Bank of Persia, Tehran.

Dear Sir,

25, Abchurch Lane, London, April 9, 1910.

I BEG to enclose copies of the telegrams exchanged with you on the subject of the amalgamation of Persian Government debts.

The basis of the whole arrangement is the binding hypothecation to the bank exclusively of the entire customs' revenues of all the Persian Gulf ports, including Mohammerah and Ahwaz, and it is absolutely necessary that this agreement be drawn up so as to form the most binding obligation on the part of the Persian Government to secure the prompt payment of interest and sinking fund by monthly payments over a period not exceeding fifteen years. Under such an arrangement it will be clear to the Persian Government that the directors have no desire to appropriate any of the revenues in excess of the sums monthly required to meet these obligations, and that any receipts thereafter will be held by the bank entirely at the disposal of the Persian Government themselves to deal with as they desire. It is important that the entire revenues should be hypothecated to the redemption of these long outstanding debts, and not only the revenues of one or two specially named ports which might appear to offer sufficient security, but, through unforeseen circumstances, might fall short of any one monthly payment, and thereby create complications; moreover, the directors think that such an hypothecation is in itself a safeguard for the undertaking given by the existing Cabinet, should pressure be brought upon their successors to modify the solemn engagement now given by them. As all the telegrams exchanged with you on this subject have been communicated to the Foreign Office, and have had their approval, the directors not unreasonably expect that His Majesty's Minister in Tehran will give you the benefit of his official support in obtaining the conclusion of the agreement by the Persian Government in the most binding form possible for the due carrying out of this undertaking.

Yours, &c.

G. NEWELL, Manager.

Enclosure 2 in No. 69.

*Translations of Telegrams interchanged between the Imperial Bank of Persia, Tehra
and the Imperial Bank of Persia, London.*

(1.)

From Tehran, March 21, 1910.

"PERSIAN Government propose amalgamation debts to the bank convert into loan in sterling 5 per cent. interest or currency 6 per cent. interest to be repaid capital and interest equal instalments extending over thirty years to be secured by hypothecation two Persian Gulf ports, we can choose, receipts of which on the basis of average receipts last five years amount 4,000,000 kran per annum in the event of receipts from above ports falling below this amount, Persian Government agrees to include additional ports. Alternative proposal loan in sterling 6 per cent. interest currency 7 per cent. interest to be repaid capital and interest equal instalments extending over thirty years but Persian Government to have the option to pay off loan end any three years leaving present security whereby all Persian Gulf ports remain under hypothecation to us not changed and undertaking customs receipts all Persian Gulf ports to be paid exclusively to us; if these terms accepted Persian Government express their intention repay all Russian loans with the exception of those for which terms arranged already, to be completed in a year by internal loan to be issued locally; sale jewels and any other realisable objects, but with regard to Imperial Bank of Persia, Persian Government wish to arrange gradual repayment and keep all accounts exclusively with us as State bank, with the exception of those already pledged Banque d'Escompte de Perse, and in view of look up capital proposal necessitates Persian Government will accede to notes in circulation may be increased by 400,000*l.* in excess of concession limit secured by this advance."

(2.)

To Tehran, March 23, 1913.

"Your telegram of the 21st March: matter receiving careful attention; we will reply when we can have full board meeting after the holidays."

(3.)

From Tehran, April 1, 1910.

"Referring to our telegram of the 21st March: Persian Government anxiously awaiting reply from the board of directors to proposal; can you give us any indication probable decision so as to enable Persian Government make the necessary arrangements place their banking business in our hands."

(4.)

To Tehran, April 2, 1910.

"Hope give you definite decision next week, meantime question having serious consideration; directors most desirous co-operate to assist Persian Government to get finances into more healthy position. In view of past experience, difficulty always presents itself as to guarantee that Persian Government will make payment punctually on due date. Another difficulty is the long period proposed for redemption; advance beyond the concession limit now being about 400,000*l.*; can you get Persian Government offer any proposal that will meet these objections."

(5.)

From Tehran, April 4, 1910.

"In reply to your telegram of the 2nd April, Persian Government reply is, entire customs receipts Persian Gulf ports to be paid to us to redeem capital and interest within the time mentioned; accounts to be made up monthly and if in excess of any monthly amount due, balance to be paid Persian Government. Persian Government promise collection all revenues to us, but insists this arrangement undesirable as clause to be inserted, agreement proposed we shall have right to retain any funds in our hands meet any deficiency any month Persian Gulf ports customs revenues; Persian Government offer to redeem capital and interest by scheme amortization equal instalments extending over fifteen years if desired. Persian Government ready take into consideration any suggestion from you."

(6.)

To Tehran, April 5, 1910.

"In reply to your telegram of the 4th April, we presume that you have submitted all telegrams to British Minister; what are his views? In view of the many long past due pledges given by Persian Government still not redeemed, directors can only now consider any fresh proposal on clear understanding that whatever is arranged it will be on a binding undertaking which can and will be enforced for prompt payments as they become due; directors most desirous render Persian Government all reasonable assistance, but it is imperative bank's interests should be fully and properly protected; after full board meeting to-morrow reply will be sent."

(7.)

From Tehran, April 6, 1910.

"British Minister promises us support in fulfilment of obligations Persian Government included in proposal at present under consideration, but that is as far as he can go; confer Foreign Office before deciding at meeting of board to-day."

(8.)

To Tehran, April 6, 1910.

"For your private information only, directors are telegraphing early to-morrow regarding acceptance Persian Government proposals."

(9.)

To Tehran, April 6, 1910.

"Referring to your telegrams of the 21st March and the 4th April, directors accept proposal of Persian Government, namely: all debts due to bank to be amalgamated, interest being reduced to 7 per cent. currency from the 21st March, 1910, capital and interest being redeemed within fifteen years; accounts to be made up monthly, Persian Government to have the option of paying off loan at end of any three years; bank to receive entire customs revenue all Persian Gulf ports, including Mohammerah and Ahwaz. Agreement of hypothecation must be of most binding character possible. Customs receipts being under hypothecation exclusively to bank, any excess of receipts over interest and sinking fund to be at disposal of Persian Government. Directors view with pleasure intention of Persian Government keep all accounts with us exclusively as State bank."

(10.)

From Tehran, April 8, 1910.

"Persian Government desire to change option to any one year instead of any three years; have you any objection? Reason given is desire pay off loan Russians the earliest date possible and terms agreed to with us must form basis agreement about to be made with them."

(11.)

To Tehran, April 8, 1910.

"Our telegram of the 6th April we have given undertaking to Foreign Office that their loans are to be included in our arrangement with regard to payment of capital and interest monthly payments, arrange accordingly, but as Foreign Office loans are on sterling basis interest and instalments of capital thereon will be payable in sterling, no change being made in rate of interest charged by Foreign Office, namely, 5 per cent. of which one-fifth to us. In reply to your telegram of to-day, we consent alteration to one year subject to approval of British Minister."

[12366]

No. 70.

India Office to Foreign Office.—(Received April 11.)

Sir,

India Office, April 11, 1910.

IN reply to your letter dated the 6th April, 1910, enclosing copy of a telegram from His Majesty's Minister at Tehran regarding the Anglo-Persian Telegraph Convention now awaiting the approval of the Medjliss, I am directed by Viscount Morley to suggest that, if Secretary Sir E. Grey sees no objection, it should be left to Sir G. Barclay's discretion whether to offer the further inducements set out in paragraph 1 of Sir E. Grey's telegram No. 87, dated the 1st instant, to secure approval to the convention in its present form.

It might similarly be left to his discretion whether to offer the inducements referred to in paragraph 2 to secure approval to the alternative draft, which omits the provision for the renewal of the agreements of the Indo-European Telegraph Department.

I am, &c.

R. RITCHIE.

[12363]

No. 71.

Sir G. Barclay to Sir Edward Grey.—(Received April 11.)

(No. 152.)

(Telegraphic.) P.

SITUATION in the South.

Please refer to my telegram No. 148 of the 9th April.

I have not yet been informed whether His Majesty's consul at Mohammerah has given my previous message to the sheikh (see my telegram No. 127 of the 23rd March), but I have the honour to submit that I may, subject to your approval, authorise His Majesty's consul-general at Bushire to convey to him, if necessary, the assurance contained in first sentence of enclosure 2 of my despatch No. 207 of the 9th November, reminding him that our support is conditional upon loyalty on his part to Government in Tehran.

Little more than a hint, I am inclined to think, would be necessary to make Sardar Assad retire from the Cabinet; before now he has threatened to leave for Europe, and was only persuaded with difficulty to remain. I believe, nevertheless, that his presence in the Ministry is the best earnest of stability for the Government, and I would therefore look upon his retirement with misgiving. It is doubtful whether the Sipahdar could remain in power alone, and we should probably be faced with a Cabinet of extremists as a result. The Bakhtiari might also leave Tehran, and order in the capital would suffer in consequence; but apart from these considerations, the attitude of the

extremists towards Russia is such that, if they were in office, the withdrawal of the Kasoui force would be more difficult for the Russian Government to carry out.

In the meantime I would propose to see the Minister of the Interior, and to advise him in a friendly but earnest manner that he should convincingly assure Soulet and Sheikh Khassal that so long as they maintain their allegiance to the Central Government and do nothing to disturb order, they have nothing to fear from him. It may be desirable to make serious representations to Soulet later.

[12371]

No. 72.

Sir A. Nicolson to Sir Edward Grey.—(Received April 11.)

(No. 123.)

(Telegraphic.) P.

St. Petersburg, April 11, 1910.

CONCESSION in Karun district claimed by Russian subject.

Sir G. Barclay's telegram No. 96 of the 6th March, and his telegram No. 811 of the 15th December of last year.

I am informed by Dr. Dillon that there has been communicated to him by a person formerly employed in the Russian bank at Tehran a copy of a contract which a Russian subject named Abbas Agha Tariverdieff made in July of last year with Agha Riza Kuli Khan, nephew of the late Nizam-es-Sultaneh. The contract is for the lease for twenty-five years of a district situated near Dizful of about 200,000 acres in extent. The Russian subject who has secured this lease is said to be the brother of a person who holds a position of influence in the secret committee of the Persian Medjliss, and he is further said to have a close acquaintance with other persons of importance who are members of that assembly. Capital is required by the concessionnaires for the development of the land, which they propose to use for cotton cultivation. They declare that offers have been made by the Germans to buy the concession, but they express their preference for English capital with which to develop it. Dr. Dillon showed me the documents, but I understand that so far no steps have been taken to register the contract in the Russian Legation at Tehran.

If I asked Dr. Dillon for copies of the documents, it is quite possible that he might let me have them.

[12360]

No. 73.

Messrs. Ellinger and Co. to Foreign Office.—(Received April 11.)(Telegraphic.) *En clair.**Manchester, April 11, 1910.*

HORMUZ oxide.

Moin-ut-Tajjar cables Beran, clerk of Imperial Bank of Persia, has bought 5,000 tons oxide from Persian Government at 45s. per ton. Please cable ascertain truth of report, and in case of need take necessary steps protect interests of concerned.

[12093]

No. 74.

Sir Edward Grey to Sir G. Barclay.

(No. 93.)

(Telegraphic.) P.

Foreign Office, April 11, 1910.

JOINT advance.

Unless Russian Government insist on declaration being made now (see your telegram No. 151 of yesterday), I think there is no particular reason for making it.

[12092]

No. 75.

Sir Edward Grey to Sir G. Barclay.

(No. 94.)

(Telegraphic.) R.

Foreign Office, April 11, 1910.

YOUR telegram No. 150 [of 9th April: Loan negotiations].

I approve action taken.

[11698]

No. 76.

Sir Edward Grey to Mr. Marling.

(No. 61.)

Sir,

Foreign Office, April 11, 1910.

WITH reference to Sir G. Barclay's telegram No. 109 of the 14th ultimo relative to the desire of the Anglo-Persian Oil Company to place a launch and barges on the Upper Karun for the transportation of material required in connection with the exploitation of their oil fields, I transmit to you herewith copy of a letter from the company offering further observations on the subject.*

You will observe that the company contend that concession to the Nasiri Company of the exclusive right to navigate the Upper Karun can no longer be regarded as valid, inasmuch as the company have failed to fulfil the obligations imposed on them by its terms, and that, as a matter of fact, it has been already infringed, since no attempt has ever been made to prevent its violation by country boats.

The considerations advanced by the company in this letter appear to me to have weight, and I have to request you to endeavour to arrange that permission should be given them to place the three barges on the river, using, if you should see no objection, these arguments in support of your demand.

I am, &c.

E. GREY.

[11698]

No. 77.

Foreign Office to Anglo-Persian Oil Company.

Sir,

Foreign Office, April 11, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 5th instant, relative to the desire of your company to place a launch and barges on the Upper Karun, for the transportation of material required in connection with the exploitation of their oil-fields.

I am to inform you in reply that your contention that the Nasin Company have failed to fulfil the conditions on which they hold the concession for the exclusive right to navigate the Upper Karun, and that that concession has been already infringed, since no attempt has been made to prevent its violation by country boats, appears to Sir E. Grey to have weight, and that a copy of your letter will be forwarded to His Majesty's chargé d'affaires at Tehran, with instructions to endeavour to arrange that permission should be given for your company to place their three barges on the river, using, if he sees no objection, the arguments therein contained in support of his demand.

I am, &c.

LOUIS MALLET.

[12407]

No. 78.

India Office to Foreign Office.—(Received April 12.)

Sir,

India Office, April 11, 1910.

WITH reference to your letter of the 7th April, 1910, enclosing copy of a telegram No. 144 from His Majesty's Minister at Tehran, bearing the same date, which intimated acceptance by the Imperial Bank of Persia of the second alternative proposal of the Persian Government for amalgamation of all their debts to the bank, I am directed by Viscount Morley to address you as to the manner in which Indian interests would be affected if the proposal were given effect to in its present simple form.

In Mr. Montagu's letter of the 26th March last, it was said that the two proposals of the Persian Government seemed unobjectionable on financial grounds, provided that the prior lien of the British Government on the customs of the Gulf Ports was preserved. The expression "the prior lien of the British Government" was based on the final paragraph of your letter dated the 2nd February, 1909, but it has now been brought to notice that it does not accurately represent the facts, in so far as the bank,

[12473]

No. 78*.

*Sir G. Mackenzie to Mr. Mallet.—(Received April 12.)*23, Great Winchester Street, London,
April 11, 1910.

Dear Mr. Mallet,

I ENCLOSE, for your information, extract from my Bussorah firm's letter received last mail, merely to show the prospects of materially and at once increasing the land revenues of Persia, did the Persian Government apply judiciously the principle of unearned increment at Mohammerah and elsewhere.

I had a conversation on this subject with the Nasr-ul-Mulk while here, and in reply to his enquiry whether I personally would assist him to take the subject in hand I informed him that, willing as I was to do so, I found my time too fully occupied for any prospect of my having the necessary leisure to give the subject the undivided attention it required; but I strongly urged him to apply for the services of an experienced Indian officer, who was conversant with the land settlement revenues in the native States of India, and this suggestion he seemed to view favourably.

I feel certain, from what I know to be going on quietly in commercial circles, that the Germans are working insidiously to acquire a hold in the Gulf and throughout Southern Persia. For this reason I am more than pleased at the satisfactory conclusion of the recent financial arrangement, with which I know the Persians themselves to be very pleased.

It occurs to me that it would be well to drive the matter home now by turning our attention to the readjustment of arrangements regarding the Karun road scheme. I find Lynch so difficult to get at, and handle, that it would perhaps be well to get Sir Thomas Gordon (who represents the Foreign Office on that directorate) to initiate a change.

Roughly, my view is that we should be more active in opening the Shuster-Dizful route to Hamadan and Kermanshah. I would suggest working with the Russians, selling that portion of the concession within the northern sphere of influence to them, and if needs be to get the Persian Government, the Anglo-Persian Oil Company, or others to find the funds to buy up Lynch's interest, and thereafter transfer the management to the bank, who hold 10,000*l.* of the capital of the company, and now themselves have an office at Mohammerah.

This would consolidate all existing interests, and leave no loophole for others to come in there.

Yours very truly,
GEORGE S. MACKENZIE.

Enclosure in No. 78*.

Extract from Letter received by Sir G. Mackenzie from Bussorah, dated March 11, 1910.

I HEAR that Lloyd, Scott, and Co. have just concluded an agreement with the Sheikh of Mohammerah for leasing a bit of ground of 2 acres, at 60*l.* per acre per annum, on a ten years' lease.

The sheikh is to build a house for them to their plans, and charge them 10 per cent. per annum on the cost as rent.

Their plans I believe are very ambitious, and will cost anything between 3,000*l.* to 5,000*l.*, so they are going to have a big outlay for rent before making any profits on their trading, and unfortunately all this also will make the sheikh open his mouth very wide for anyone else wanting to build.

[1722]

O*

and not the British Government, have a prior lien on those customs in respect of such portion of the bank's total debts as was contracted by the Persian Government, on the same security, at a date prior to the advance in 1903-4 of sums amounting to 290,000*l.* on behalf of the Imperial and Indian Governments. The portion in question of the bank's debt must amount at least to 200,000*l.*, the sum advanced by them at one time in 1901, but this Office has no information as to the exact figure. The British lien on the customs is, therefore, subordinate to that of the bank in respect of a sum of 200,000*l.* or more, but prior to such portion of the bank's total debts, amounting in January 1909 to about 526,000*l.*,* as was contracted subsequently to 1903-4. If the proposal referred to in Sir G. Barclay's telegram above quoted were unconditionally agreed to by His Majesty's Government, there is some risk that the whole of the bank's own debts might be held to rank before the debts of the Imperial and Indian Governments.

Lord Morley would therefore suggest for Sir E. Grey's consideration that His Majesty's Government should take such steps as are necessary to secure the continuance, without diminution, of the security that that Government and the Secretary of State in Council enjoy for what is due, and may become due, to them in respect of the Government loans of 1903-4.

I have, &c.
R. RITCHIE.

[12472]

No. 79.

Sir G. Barclay to Sir Edward Grey.—(Received April 12.)

(No. 153.)

(Telegraphic.) P.

Tehran, April 12, 1910.

IN continuation of my telegram No. 146 of the 8th April, I have received a telegram from His Majesty's consul at Ahwaz reporting that situation is relieved. By terms of an agreement signed the 9th April company pay 5,000*l.* on account for land already taken up till February 1911. Negotiations will then be resumed and the price of land, &c., settled.

[12483]

No. 80.

Sir G. Barclay to Sir Edward Grey.—(Received April 12.)

(No. 154.)

(Telegraphic.) P.

Tehran, April 12, 1910.

IN continuation of my telegram No. 138 of the 2nd April, I have the honour to transmit following telegram from His Majesty's consul at Tabreez No. 39 of the 10th April:—

"From information given me by Governor-General I understand that the Turks are, with the exception of Khoi, occupying various points throughout the greater part of region to west and south-west of Lake Urumia, and that in the region between Urumia and Sujbulak, where the Persians, owing to defection of Karapapak tribes, possess nothing, Turks have practically free field. Governor-General named following places at which Turks were actually present: Rashagan on west side of lake, south of Urumia, Nagadeh and Passveh in Lahikan district, Kuhnesheher, Mavana, in Tergavar, Enher in vicinity of Urumia, but he had received no confirmation of alarmist reports regarding the imminence of an advance of Turks to the lake, or of a Turkish occupation of Urumia. His Excellency believed that the object of recent activity of Turks was merely to assert their authority over and to maintain their hold upon the above-mentioned tribes. I was somewhat struck by Governor-General's equanimity in viewing situation, and my Russian colleague, I find, shared this impression."

* See Chairman's letter to Foreign Office, January 4, 1909.

[1722]

O

[12363]

No. 81.

Sir Edward Grey to Sir G. Barclay.

(No. 95.)

(Telegraphic.) P.

Foreign Office, April 12, 1910.

ASSURANCES to Sheikh of Mohammerah.

I agree to the assurance being given as proposed in your telegram No. 152 of yesterday's date, and I approve your suggestions in same telegram for advice to Minister of Interior. With regard to communication to your Russian colleague, I will telegraph further.

[12366]

No. 82.

Sir Edward Grey to Sir G. Barclay.

(No. 96.)

(Telegraphic.) P.

Foreign Office, April 12, 1910.

ARABISTAN telegraph convention.

See your telegram No. 140 of the 4th instant, and my telegram No. 87 of the 1st.

It is left to your discretion whether you secure approval of convention as it stands by offering Persian Government inducements suggested in first paragraph of my above-mentioned telegram, or whether you persuade them to agree to the alternative draft of the convention by offering them the modifications mentioned in second paragraph of the same telegram.

[12371]

No. 83.

Sir Edward Grey to Sir A. Nicolson.

(No. 170.)

(Telegraphic.) P.

Foreign Office, April 12, 1910.

If you can get copies of documents referred to in your telegram No. 123 of yesterday, respecting the Russian concession in Karun district, I shall be glad to see them.

[12360]

No. 84.

Foreign Office to Mr. Ellinger.

Sir,

Foreign Office, April 12, 1910.

I AM directed by the Secretary of State for Foreign Affairs to acknowledge the receipt of your telegram of the 11th instant relative to the sale of Hormuz oxide. I am to state that Sir Edward Grey understands that the report mentioned by you as to the sale of 5,000 tons of the ore by the Persian Government is substantially correct. According to a telegram received from His Majesty's Minister at Tehran, the Persian Government have decided that the Moin-ut-Tujjar's concession is invalid, and have declined his application for its renewal. I am to add that Sir G. Barclay has been informed that His Majesty's Government cannot object to the proposed sale of oxide, provided that the legitimate interests of Mr. Weir are not thereby injured.

I am, &c.

LOUIS MALLET.

[12594]

No. 85.

India Office to Foreign Office.—(Received April 13.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copies of telegrams from and to the Government of India relative to the consular guards at Bunder Abbas.

India Office, April 13, 1910.

Enclosure 1 in No. 85.

Government of India to Viscount Morley.

(Telegraphic.) P.

April 6, 1910.

REFERENCE is invited to your despatch of the 18th February, 1910. Major Cox telegraphed 24th ultimo, in regard to the retention of extra guards at Bunder Abbas, as follows:—

"At present the neighbourhood of the port is out of control, and, so far, no punishment has been inflicted for raid on Government House, committed by followers of the revolutionary, Larale, on the 13th instant. I recommend in the circumstances the retention of the extra men until effective authority has been restored in neighbourhood of town and Afghan contingent in Biyaban have turned homewards. Two months from the 17th April would be probable period of retention, but report will be made if relief seems possible before that."

Retention for further period of two months is recommended on the understanding that, if situation justifies the step, withdrawal will be effected earlier.

Enclosure 2 in No. 85.

Viscount Morley to Government of India.

(Telegraphic.) P.

India Office, April 11, 1910.

SEE your telegram dated the 6th April. I shall be glad to be informed by telegraph of cost per month of extra guards at Bunder Abbas.

[12599]

No. 86.

Sir G. Barclay to Sir Edward Grey.—(Received April 13.)

(No. 155.)

(Telegraphic.) P.

Tehran, April 13, 1910.

IN continuation of my telegram No. 144 of the 7th April, I have the honour to state that Persian Government will only consent to pledge southern customs for 450,000 toman yearly. I am assured by manager of Imperial Bank of Persia here that this will suffice for service of redemption and interest of both banks' advances and of our Government loan.

It might be advisable to ask Imperial Bank of Persia to satisfy you on this point. In the event of it not sufficing bank might be asked to extend period for redemption of these advances to thirty years. Persian Government have now proposed twenty years.

[12363]

No. 87.

Sir Edward Grey to Sir G. Barclay.

(No. 97.)

(Telegraphic.) P.

Foreign Office, April 13, 1910.

ASSURANCES to Sheikh of Mohammerah.

I have received your telegram of the 11th April, marked private.

You should inform your Russian colleague, when you have an opportunity, of the position of His Majesty's Government with regard to the sheikh. We have for many years had close relations with him owing to the extent of our interests in the Gulf and in South Persia, and have given him assurances of protection against foreign attack, on the condition of his continued loyalty to the Government of the Shah. This condition has always been insisted on whenever the assurances have been renewed, as they have at intervals. Assurances have also been extended to his heirs and successors, and they include protection against any encroachment which might be made on his rights or private property.

Your despatch No. 207 of the 9th November, 1909. You may inform your Russian colleague of substance of terms of revised assurances, of which you will shortly be informed.

[12799]

No. 88.

Sir Edward Grey to Sir F. Bertie.

(No. 184.)

Sir,

Foreign Office, April 13, 1910.

M. CAMBON came to see me to-day on his return, and mentioned the question of Germany and Persia. He had not seen the note which the German Ambassador had delivered at St. Petersburg, but he understood that it was very stiff. M. Pichon had been willing that Frenchmen should be employed in the Financial Department in Persia, but of course he did not insist upon this. M. Cambon asked me whether I had seen the German note.

I replied that I had seen it, and it was very stiff. On the other hand, the German Government had sent no note to me, and I had had only somewhat tentative conversations with Count Metternich. The line which the Germans were now taking with regard to Persia rather resembled the line they had taken with regard to Morocco in 1905. I told M. Cambon what I had said to Count Metternich about the employment of Frenchmen in Persia, and how I had explained to him that we could not let the Persians place under foreign control railways which might prejudice our political or strategical interests. Also, I had said to Count Metternich and the German chargé d'affaires that we claimed no commercial monopoly in Persia, and that if the objects of Germany there were purely commercial I saw no reason why she should not get on as well with Russia and us in Persia as she did with France in Morocco. In addition, I mentioned to M. Cambon that negotiations as to the Bagdad Railway were entirely at a standstill.

I am, &c.

E. GREY.

[12472]

No. 89.

Foreign Office to Anglo-Persian Oil Company.

Sir,

Foreign Office, April 13, 1910.

WITH reference to the letter from this office of the 9th instant respecting the acquisition of land from certain of the Bakhtiari khans, I am directed by Secretary Sir E. Grey to inform you that a further telegram has been received from His Majesty's Minister at Tehran on the subject. He learns from His Majesty's consul at Ahwaz that an agreement was signed on the 9th instant by which the company pay 5,000*l.* on account for land taken up to February next. In February negotiations will be reopened, and the price of the land, &c., will be fixed.

It appears that this settlement has relieved the situation.

I am, &c.

LOUIS MALLET.

[12670]

No. 90.

India Office to Foreign Office.—(Received April 14.)

Sir,

India Office, April 13, 1910.

I AM directed by the Secretary of State for India to acknowledge the receipt of your letter of the 31st March on the subject of the further assurances which it is proposed to give to the Sheikh of Mohammerah.

In view of the strong opinion now expressed by Sir E. Grey, Viscount Morley will not press the suggestion made in my letter of the 16th February last as to the language in which the assurance with regard to foreign aggression is to be conveyed, and he will accept the formula originally proposed, provided that it is accompanied by the oral communication (to be subsequently recorded in writing) suggested in the last paragraph of your letter under reply.

Lord Morley presumes that the condition as to good behaviour will be stated in the longer form of assurance which is intended for the Sheikh's personal satisfaction as well as in that which is to be shown to the tribesmen.

I have, &c.

R. RITCHIE.

[12744]

No. 91.

Sir G. Barclay to Sir Edward Grey.—(Received April 14.)

(No. 156.)

(Telegraphic.) P.

Tehran, April 14, 1910.

HIS Majesty's consul-general at Bushire, to whom I repeated my telegram No. 152 of the 11th April, telegraphs as follows:—

"Sheikh will welcome on general grounds assurances contained in sentence indicated; but while Sardar Assad retains office present difficulty will not be solved unless after words 'Persian Government' the words 'or Bakhtiari tribe' could be inserted (*vide* acting consul-general's telegram No. 170 of the 23rd February, paragraphs 7, 8, 9.)

"Over the question of retirement of Sardar Assad, however, I realise that the interests of north and south conflict, and it will be necessary to find some compromise. Situation might be improved, but not solved, by a change of portfolio.

"To guarantee Arabistan against Bakhtiari aggression, or Bakhtiari against Kashgai, would of course be very difficult, as well as inconsistent with principle of our policy in South Persia, but presuming that we are debarred from interference in inter-tribal politics, are we able reasonably to persevere in forcing advice on Sheikh of Mohammerah when we are unable to protect him against the consequences of such advice? He fully realises the necessity of maintaining a loyal and strictly constitutional attitude towards Government in Tehran, and also need of refraining from any action which could complicate situation in the north.

"His Majesty's consul at Mohammerah learns from Hadji Reis that a diplomatic telegram to Medjliss would be the first step in any arrangement on the part of the three parties referred to. It would express complete individual and collective allegiance to constitution and contain an assurance that order would be maintained and trade protected in their respective spheres, but at the same time it would call attention to the imprudence of confiding the control of national affairs to tribal heads, who cannot be expected to do otherwise than utilise their position for the furtherance of tribal interests."

I cannot see that we are required to go further in our assurances than the message proposed in my telegram No. 152, which I am now instructing consul at Mohammerah to convey to the sheikh. I gather from the telegram repeated above that the sheikh would cease to fear Sardar Assad if he left the Cabinet, and so long as latter remains in office assurances we are now giving the sheikh refer to him.

I see no harm in emphasising fact that our assurances to sheikh depend on his loyalty to Persian Government, but of course I have no wish to press on him advice when we cannot protect him from consequences that may ensue from his following it.

[12732]

No. 92.

Sir G. Barclay to Sir Edward Grey.—(Received April 14.)

(No. 157.)

(Telegraphic.) P.

Tehran, April 14, 1910.

PLEASE refer to Sir A. Nicolson's telegram No. 123 of the 11th April.

As from Sir A. Nicolson's information there seemed to be a possibility of Jawedien negotiating with Germans, and as I find that this individual is at present in Tehran, I spoke to my Russian colleague on the subject. He knows very little of the man, but believes him to be a fedai from the Caucasus; he is in complete ignorance of the contract.

Some days ago my secret informant told me that Jawedien was about to start shortly for the Karun, where he had already been preceded by a Russian engineer and an agricultural expert. I have had no reply from His Majesty's consul at Ahwaz, of whom I enquired as to their doings.

[12741]

No. 93.

Sir G. Barclay to Sir Edward Grey.—(Received April 14.)

(No. 158.)

(Telegraphic.) P.

HORMUZ oxide.

Tehran, April 14, 1910.

In continuation of my telegram No. 141 of the 5th April, I have the honour to report that I have thought it advisable, in order to safeguard Weir's interests, to warn Persian Government that I shall hold them responsible for any loss that the violation of his contract with Mein-ut-Tujjar may cause him.

This step may, I fear, block further negotiations with Strick, which were being carried on by Persian Government for a contract with this latter for the exclusive supply of oxide for a period of four years. If, after consultation with Weir, you can authorise me to do so, I should therefore be glad to relieve Persian Government of responsibility.

[12836]

No. 94.

Special Telegram received from Tehran by the Imperial Bank of Persia, April 13, 1910.—(Communicated to Foreign Office, April 14, 1910.)

(Translation.)

PERSIAN Government desirous modify amortisation capital and interest redeemable in twenty years instead of fifteen years if British Government 300,000l. included. Persian Government wishes yearly instalment capital and interest both debts they could not exceed 4,500,000 krans. British Minister is telegraphing Foreign Office. Persian Government will consent probably southern customs to be relieved from payments fixed charge about 2,940,000 krans hitherto paid in accordance with usage other than actual cost of customs administration. Debt to the bank 21st March approximately 35,000,000 krans. British Government debt 21st March approximately 301,656l.

[12732]

No. 95.

Sir Edward Grey to Sir G. Barclay.

(No. 98.)

(Telegraphic.) P.

RUSSIAN concession in Karun district.

Foreign Office, April 14, 1910.

Please enquire and inform me whether concession granted to Tariverdieff by Persian Government is valid.

Apparently district in question is claimed by Sheikh of Mohammerah as being within his jurisdiction, and, in view of the new assurance which His Majesty's Government propose to give to the sheikh, position will be extremely awkward if the Germans manage to secure any rights there.

[12741]

No. 96.

Sir Edward Grey to Sir G. Barclay.

(No. 99.)

(Telegraphic.) P.

HORMUZ oxide.

Foreign Office, April 14, 1910.

We have now seen the contract concluded by Ellinger, acting on behalf of Muin, with Weir, the terms of which apparently are that no sale or shipment of Hormuz oxide is to be made to any other firms for three years, dating from the 4th December last.

Ellinger and Weir state also that the contract lays down that, in order to ensure the quality of the oxide, Muin has engaged himself to mine and ship it himself.

It is evident from this that for Strick to ship oxide would not only infringe rights

[12751]

No. 93^b.*Sir A. Nicolson to Sir Edward Grey.—(Received April 14.)*

(No. 124.)

(Telegraphic.) P.

St. Petersburg, April 14, 1910.

ACTIVITY of Germany in Persian affairs.

I saw the Acting Minister for Foreign Affairs this afternoon and communicated to him the substance of Sir E. Goschen's telegrams Nos. 25 and 26. I gave him at the same time a summary of your telegram No. 174 containing your observations on the German attitude.

M. Sazonow expressed great gratitude for the communication, and said, in reply to my enquiry, that he had received no fresh information on the subject from Berlin, but that the German Ambassador here had told him verbally that he was willing to reopen the conversations on the subject which had taken place in 1907 and had then been interrupted. Germany, Count de Pourtales had said, would not ask for any concessions in the Russian sphere if Russia, on her side, would undertake that any railways which she might construct in North Persia would be linked up with the German line from Bagdad. His Excellency suggested also that no opposition should be raised by Russia to the employment by the Persian Government of one or two Germans.

I impressed upon M. Sazonow the absolute necessity of the British and Russian Governments maintaining the closest solidarity, and I said that I hoped that no step would be taken by the Russian Government without previous consultation with us. I consider this very necessary, though I did not say so to M. Sazonow, as otherwise Germany might lead the Russian Government into making arrangements inconvenient to Great Britain. M. Sazonow replied that he agreed thoroughly with what I had said, and that it was most desirable that there should be the closest understanding and the fullest exchange of views between the two Governments. On my remarking that at my audience to-morrow I proposed to speak to the Emperor in that sense, M. Sazonow replied that he hoped that I would do so.

During our conversation I referred to the Russian troops at Kazvin, and expressed a hope that they would be withdrawn without delay. M. Sazonow replied that his Government had now imposed two conditions on the withdrawal of the troops:

1. That the question of the attack made on the Russian consul-general while on his way to Bushire should be settled.
2. That arrangements should be made for the retention in the Cossack Brigade of the Russian officers.

M. Sazonow said that he personally was rather sorry that these conditions had been laid down, and that he would enquire whether they had actually been communicated to the Persian Government. If not, he would abandon them. I said that it would be well to do so and to get the Russian troops out of Kazvin.

of Ellinger and Weir, but would result in great loss to them in oxide markets here, and we are putting this before Strick, suggesting to him that Weir's rights will be infringed by his intended shipment.

You should explain position to Persian Government, and say that His Majesty's Government are bound to ensure respect for Weir's rights.

I approve matter reported in your telegram No. 158 of to-day.

[12599]

No. 97.

Sir Edward Grey to Sir G. Barclay.

(No. 100.)

(Telegraphic.) P.

Foreign Office, April 14, 1910.

BANK and conversion loan.

With reference to your telegram No. 155 of yesterday's date, the telegram which Imperial Bank of Persia are to-day sending to their Tehran manager has been seen and approved by us.

[12741]

No. 98.

Foreign Office to Mr. F. G. Strick.

Sir,

Foreign Office, April 14, 1910.

WITH reference to my letter of the 8th instant, I am directed by Secretary Sir E. Grey to inform you that Mr. Martin Ellinger has brought to this Office a contract between Messrs. Weir and Co., Messrs. Ellinger, and the Muin-ut-Tujjar, in which it is stipulated that for three years from the 4th December last no sale or shipment of oxide from the Island of Hormuz is to be made to any parties other than the firms mentioned.

As you have already been informed, His Majesty's Government are bound to see that the legitimate interests of Messrs. Weir under their contract are in no way injured, and His Majesty's Minister at Tehran has now informed the Persian Government that they will be held responsible for any damage to Messrs. Weir's interests which may result from the reported cancellation of the Muin's concession.

In these circumstances I am to suggest that any shipment of the oxide by you from the Island of Hormuz would be an infringement of the rights of Messrs. Weir, unless an arrangement were come to with that firm.

Sir G. Barclay is being informed to this effect.

I am, &c.

LOUIS MALLET.

[12806]

No. 99.

India Office to Foreign Office.—(Received April 15.)

Sir,

India Office, April 14, 1910.

I AM directed by the Secretary of State for India to forward, for the information of the Secretary of State for Foreign Affairs, copy of a telegram* from the Government of India on the subject of the hostile attitude of the Calcutta newspaper "Habl-ul-Matin" towards the British and Russian Governments.

Sir E. Grey is aware that this has already been made matter of complaint, and with his concurrence Lord Morley proposes to approve the action proposed by the Government of India.

I have, &c.

R. RITCHIE.

* Dated March 31, 1910.

Enclosure in No. 99.

Government of India to Viscount Morley.

(Telegraphic.) P.

REFERENCE is requested to instructions in regard to editor of "Habl-ul-Matin," conveyed in letter of 24th August, 1906, from Mr. Campbell. A tone increasingly hostile and offensive to Russia, and in a less degree to ourselves, has been adopted in recent articles. It is proposed that editor, who is a Persian, should be warned that, unless tone of his article is moderated, he will be ordered, under the Foreigners' Act, to remove himself from British India, and that if he continues offensive such action should be taken.

(Repeated to His Majesty's Minister, Tehran.)

[12874]

No. 100.

India Office to Foreign Office.—(Received April 15.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram to the Viceroy, dated the 11th April, 1910, relative to the question of a Persian loan and the ear-marking of railway concessions in Persia.

India Office, April 15, 1910.

Enclosure in No. 100.

Viscount Morley to Governor of India.

(Telegraphic.) P.

India Office, April 11, 1910.

LOAN to Persian Government.

It may be necessary in connection with conditions of joint advance of 400,000L., that some programme of railway concessions to be ear-marked to this country should be formulated. Have you any observation on the proposals which have been suggested?

1. The southern section of line from Julfa to Mohammerah, of which Russia will apply for northern section.
2. Kerman to Bunder Abbas.
3. Ahwaz to Bunder Abbas via Shiraz, with the option of a port at Khor Musa.
4. Line between some point on No. (3) and Bushire, via Aliabad.
5. Rabat to Kerman.
6. Gwattar or Charbar to Kerman.

There is, it will be understood, no probability of construction in near future of any of these lines, and application of Indian revenues to their construction would not have my consent. But possibility of concession, which might threaten political or strategical interests of India, being obtained by third Power must be guarded against.

[12887]

No. 101.

India Office to Foreign Office.—(Received April 15.)

Sir,

India Office, April 15, 1910.

I AM directed by the Secretary of State for India to invite a reference to my letter of the 24th February last regarding the transfer by this Office to the Imperial Bank of Persia, at the request of your department, of the sum of 100,000L., representing a moiety of the British share of the proposed joint advance by the British and Russian Governments to the Government of Persia.

From recent telegraphic correspondence with His Majesty's Minister at Tehran, it would seem that there is little likelihood of this advance being accepted in the immediate future by the Persian Government, and I am to request therefore that, if Secretary Sir E. Grey sees no objection, immediate application may be made by the Foreign Office to the bank for a refund to this department of the sum in question, so that it may become available, as explained in Sir A. Godley's letter of the 29th July, 1907, for the temporary loans of the Secretary of State in Council on the London market.

A receivable order for this purpose is enclosed.

I am to add that, should the occasion arise, there would be no difficulty in providing the sum again at very few days' notice.

I am, &c.

R. RITCHIE.

[12804]

No. 102.

Sir G. Barclay to Sir Edward Grey.—(Received April 15.)

(No. 159.)

(Telegraphic.) P.

Tehran, April 15, 1910.

HORMUZ oxide.

In continuation of my immediately preceding telegram of yesterday's date, I have the honour to report that Strick has been offered, on the condition of taking over Persian Government's liabilities towards Weir and Ellinger, an exclusive contract for the supply of 6,000 tons of oxide per annum for five years.

[12839]

No. 103.

Sir G. Barclay to Sir Edward Grey.—(Received April 15, 1910.)

(No. 160.)

(Telegraphic.) P.

Tehran, April 15, 1910.

WITH reference to your telegram No. 98 of the 14th April. Final paragraph of above telegram does not, I presume, refer to first sentence of revised assurance we are to give to Sheikh of Mohammerah. His Majesty's consul at Mohammerah has already been instructed to convey substance of this first sentence, but pending your reply, in order to make certain, I have instructed consul to defer action.

Assurance contained in first sentence could, if so desired, be interpreted as referring only to future encroachments by Persian Government, and need not, I think, be considered binding in the case of a concession previously granted by Persian Government in violation of rights of the sheikh.

Information I have received leads me to think that Jawediew only has a lease of land from late Nizam-es-Sultaneh, but I am making enquiries, and will report.

[12860]

No. 104.

Sir G. Barclay to Sir Edward Grey.—(Received April 15.)

(No. 161.)

(Telegraphic.) P.

Tehran, April 15, 1910.

PLEASE refer to my telegram No. 155 of the 13th April.

I am informed by manager of Imperial Bank of Persia, Tehran, that you have agreed that the bank's arrangement with Persian Government should not cover our Government loan.

It might be advisable, in view of the fact that the southern customs are loaded with certain quasi-fixed charges, to put in a caveat to Persian Government, warning them against entering into any arrangement which would leave our Government amply without sufficient security.

[12861]

No. 105.

Sir G. Barclay to Sir Edward Grey.—(Received April 15.)

(No. 162.)

(Telegraphic.) R.

Tehran, April 15, 1910.

THERE is another Cabinet crisis. Prime Minister has resigned, and Cabinet is likely to be reconstructed.

[12890]

No. 106.

Sir G. Barclay to Sir Edward Grey.—(Received April 15.)

(No. 163.)

(Telegraphic.) R.

Tehran, April 15, 1910.

MY telegram No. 131 [of 28th March]: Excavations in Persia.

French Minister tells me that his Government are favourably disposed to it, but they would wish to know name and standing of the person who desires to excavate. My French colleague suggests that we might give desired information at Paris.

[12922]

No. 107.

Telegrams communicated to Foreign Office by Imperial Bank of Persia, April 15, 1910.

(1.)

Special Telegram dispatched to Tehran, April 14, 1910.

(Translation.)

REFERRING to your telegram of 13th April, treat British Government portion of loan separately; they agree to receive annual instalments as per present agreement. Bank having readily accepted Persian Government own proposal(s) without single alteration, and having voluntarily conceded immediate reduction of interest, we are surprised further modification now suggested. We consider all southern customs named and monthly payments of interests from customs collection essential; all surplus customs receipts would be paid over monthly to Persian Government. Quarterly or at most half-yearly refund of capital may be conceded. Endeavour to settle promptly. Reply when arrangements definitely concluded. We have seen Foreign Office, who approve. Show this to British Minister.

(2.)

Special Telegram dispatched to Tehran, April 15, 1910.

(Translation.)

OUR telegram of yesterday. The inclusion all southern customs named important. Emphasises *bona fides* and capability Persian Government faithfully carry undertaking into effect as payments become due. It does not affect their disposal all surplus customs nor power to terminate agreement by payment debts any time. Directors anxious co-operate strengthen Persian financial position, as well as that of bank, and so restore public confidence. They can do no more.

[12839]

No. 108.

Sir Edward Grey to Sir G. Barclay.

(No. 101.)

(Telegraphic.) P.

Foreign Office, April 15, 1910.

ASSURANCES to Sheikh of Mohammerah.

My telegram No. 98 of the 14th April and your telegram No. 160 of to-day's date.

Reference in last paragraph of former telegram is to the revised assurance

regarding foreign aggression which we propose to give and which, as you will see by letter to India Office of the 31st January, is still under consideration, and not to the assurance which you have been authorised to convey to the sheik with regard to encroachment on his property by Persian Government.

[12804]

No. 109.

Sir Edward Grey to Sir G. Barclay.

(No. 102.)

(Telegraphic.) P.

Foreign Office, April 15, 1910.

HORMUZ oxide.

With reference to your telegram No. 159, dated to-day, I have seen a telegram which Strick has received from Brown in which the latter reports the conclusion with Persian Government of a contract for 5,000 tons of Hormuz oxide, and offer of a further contract for 6,000 tons annually during a period of five years, the condition demanded being that Strick should take over liabilities of Persian Government to Weir. Shipment of the 5,000 tons under first contract to begin the 16th April.

His Majesty's Government will hold Persian Government financially responsible for any losses incurred by British subjects through this arrangement, since it is in direct conflict with Weir's contract with Moin, whose concession is held under a firman dated 1904.

[12860]

No. 110.

Sir Edward Grey to Sir G. Barclay.

(No. 103.)

(Telegraphic.) P.

Foreign Office, April 15, 1910.

ADVANCE to Persia.

Some misunderstanding has evidently arisen (see your telegram No. 161 of to-day). The Government loan is to be included in the bank's arrangement with Persian Government, but we are still discussing with the India Office question of substituting annual for monthly payments in its case.

[12062]

No. 111.

Sir Edward Grey to Sir A. Nicolson.

(No. 177.)

(Telegraphic.) P.

Foreign Office, April 15, 1910.

DEBTS of Persian Government to Russia and Great Britain and to banks.

I understand from the International Syndicate that groups in two different foreign countries are prepared to undertake repayment of these debts and consolidation of entire debt of Persian Government.

The syndicate ask for our unofficial consent to their resuming negotiations with Persian Government, in order that they may be entitled to work through an English group. Of course, if we continue to oppose their negotiation, they will be compelled to obtain assistance abroad.

Before replying to their request we must have satisfactory information as to the composition of the British group. At present our knowledge of the syndicate is slight, except for reports from Sir G. Barclay as to Mr. Wolf, and these are unfavourable.

I suggest that, if we receive satisfactory information as to the syndicate, we should reply that, so long as none of the customs and other revenues which are pledged to the service of Russian and British loans are hypothecated thereby, the syndicate are at liberty to conclude loans. What is your opinion? Syndicate would admit Russian participation, but, owing to suspicions entertained by Persian Government, such participation would have to be private in character.

[13012]

No. 112.

Sir G. Barclay to Sir Edward Grey.—(Received April 16.)

(No. 164.)

(Telegraphic.) P.

Tehran, April 16, 1910.

IN continuation of my telegram No. 152 of the 11th April, I have the honour to report that I have advised Sardar Assad in the sense suggested.

Although still affecting to view with equanimity the attitude of southern chiefs, Minister of the Interior informed me that he had recently sent reassuring messages to Soulet-ed-Dowleh and to Sheikh Khazzal, conditional on their allegiance to Central Government.

(Confidential.)

He added that he was about to retire from the Cabinet and to leave for Europe for medical treatment. The Bakhtiari force, he assured me, would remain under proper command in Tehran.

[13021]

No. 113.

Sir G. Barclay to Sir Edward Grey.—(Received April 16.)

(No. 165.)

(Telegraphic.) P.

Tehran, April 16, 1910.

WITH reference to your telegram No. 102 of the 15th April.

Weir's rights are sufficiently secured, I think, by the notes I have addressed to Persian Government.

I hope Weir and Strick may find it possible to come to such an agreement as may enable me to relieve Persian Government of responsibility, for British interests would benefit clearly by the offer made to latter firm.

[13022]

No. 114.

Sir G. Barclay to Sir Edward Grey.—(Received April 16.)

(No. 166.)

(Telegraphic.) P.

Tehran, April 16, 1910.

WITH reference to my telegram No. 156 of the 14th April, I have the honour to report that His Majesty's consul at Mohammerah has received disquieting news of Bakhtiari aggression in Sheikh of Mohammerah's territory from Oil Company's agent, who has returned from Ram Hormuz.

I am pressing the khans here to give orders restraining their tribesmen's activity.

In the meanwhile I have authorised Lieutenant Wilson to mention that Sardar Assad contemplates proceeding to Europe.

[13023]

No. 115.

Sir G. Barclay to Sir Edward Grey.—(Received April 17.)

(No. 167.)

(Telegraphic.) P.

Tehran, April 17, 1910.

IN continuation of my immediately preceding telegram.

Following sent to Lieutenant Wilson at Mohammerah, No. 27 :—

"Minister of the Interior declares that reports of aggressions on part of Bakhtiaris are without foundation. He informs me that there are now no Bakhtiari in Arabistan, but that they are carrying on operations against Kuhgelui brigands.

"He adds that he has the most friendly sentiments towards Sheikh of Mohammerah."

[13024]

No. 116.

Sir G. Barclay to Sir Edward Grey.—(Received April 17.)

(No. 168.)

(Telegraphic.) R.

Tehran, April 17, 1910.

I REGRET to report that Mr. Bill was attacked by robbers on 15th April between Kumisbeh and Abadeh, and two Indian sowars of Ispahan consular escort who had accompanied Smart from Ispahan, and were returning with Bill, were killed. I am demanding dispatch of sufficient number of Bakhtiari from Kumisbeh, where I believe there is a strong force to meet Bill, who is proceeding on his journey, and I am insisting on reparation and the punishment of culprits, who are believed to be Kuhgelus.

(Sent to St. Petersburg.)

[13025]

No. 117.

Sir G. Barclay to Sir Edward Grey.—(Received April 17.)

(No. 169.)

(Telegraphic.) R.

Tehran, April 17, 1910.

MY telegram No. 150 [of 9th April: Persian Cabinet].

Cabinet crisis seems likely to result in a Ministry of extremists, of whom Sani-ed-Dowleh is leader, and we have therefore exerted unofficial pressure to secure either Sani-ed-Dowleh's exclusion or a written undertaking that policy of new Cabinet in regard to loans and concessions will not run counter to that of two Powers as defined in our recent joint note.

(Repeated to St. Petersburg.)

[13027]

No. 118.

Sir G. Barclay to Sir Edward Grey.—(Received April 17.)

(No. 171.)

(Telegraphic.) Decode.

Tehran, April 17, 1910.

MY telegram No. 168 of the 17th April.

His Majesty's consul-general at Ispahan doubts whether Bakhtiaris from Kumisbeh will cross Ispahan frontier into Fars territory unless he is there to press them. With the cognisance of Sardar Assad I have accordingly authorised him to proceed to meet Bill with the available Ispahan escort. Minister of Interior is sending most stringent orders for immediate dispatch of all available Bakhtiaris from Kumisbeh (these appear to be less numerous than was thought) to join Bill wherever he may be.

[13167]

No. 119.

Consul-General Howard to Sir Edward Grey.—(Received April 18.)

(No. 28. Confidential.)

Sir,

Budapest, April 8, 1910.

I HAVE the honour to report that I have received confidential information from an unquestionably good source that a group of banks in Berlin and Vienna, which are allied with the Hungarian General Credit Bank (Ungarische Allgemeine Credit Bank), have approached the latter with the view to forming a company for the purpose of building railways in Persia, the concessions for which are to be obtained on the termination of the present agreement with Russia respecting railway building in Persia.

My informant told me that a representative of the Hungarian bank in question had come to him to tell him this, and to enquire as to the financial and economic conditions in Persia, and to ask his opinion of the probable success of the proposed enterprise. My informant replied that, so far as he knew, there were only two banks in Persia, the Russian and the British; that the former was subsidised by the Russian Government,

[1722]

R

and managed to do fairly well. The British bank, on the other hand, which was run on commercial lines, was hardly according to him a paying concern. He had advised his Hungarian friends against participation in the proposition of the Berlin banks.

I asked which were the Berlin banks that were allied to the Hungarian bank in question. My informant replied that he believed that Bleichröders was one of them, but that he was not sure of this.

I have, &c.

ESME HOWARD.

[13102]

No. 120.

Sir F. Cartwright to Sir Edward Grey.—(Received April 18.)

(No. 53. Confidential.)

Sir,

Vienna, April 14, 1910.

I HAVE the honour to report that I saw Count Aehrenthal yesterday on his return after a fortnight's absence from Vienna. I took the opportunity of asking his Excellency whether he had been satisfied with the information furnished by you to Count Mensdorff, as reported in your despatch No. 31 to me of the 22nd ultimo, on the subject of the conditions which it was proposed to attach to the Anglo-Russian loan to the Persian Government. Count Aehrenthal replied that he had not as yet given much attention to Persian questions, and that he could not tell straightaway how far the conditions attached to the Anglo-Russian loan touched Austro-Hungarian interests, but, he added, the proper department was studying the matter. His Excellency, however, seemed to imply that when he had received a report on these matters from that Department he would make some further representations to the British and to the Russian Governments.

By pressing his Excellency to tell me whether Austria-Hungary had any real interests to protect in Persia, he said to me that for the moment these interests were not great, but that they might with time become considerable. Anyhow, he declared he was bound to see that the principle of the "open door" was maintained as far as possible in that "free and independent" State—Persia. On my putting further questions to Count Aehrenthal, his Excellency finally said that he would tell me confidentially his views with regard to the question of railways in Persia. He asserted that the whole of the Austro-Hungarian trade with that country at present passed through the Caucasus, where it was subjected by the Russian Government to impediments of every kind—customs duties, high railway tariff rates, &c. Suppose, Count Aehrenthal said, a company were formed to build a railway, say from Trebizond via Erzeroum to the Persian frontier, it might happen, should the supposed conditions attached to the Anglo-Russian loan to Persia be accepted, that the Russian Government might veto the granting of a concession for the further extension of that Turkish railway to Tehran on the ground that it was a work of political and strategic importance. In that way the Russian Government might greatly impede the development of Austrian trade with Persia, and compel it to continue to take the route through the Caucasus, where it would remain at the mercy of the Russian Government. For these reasons he seemed to indicate that it was necessary for the Austro-Hungarian Government to scrutinise with care any agreement with regard to railway concessions which might be arrived at between the Persian, the British, and the Russian Governments.

I may mention that during the whole of the conversation which I had with Count Aehrenthal respecting Persian Affairs he assumed a most conciliatory tone, and his Excellency, while showing a desire to defend the real interests of his country, did not seem to wish to go out of his way to do anything which might annoy the British or the Russian Governments merely at the instigation of some other Power.

I have, &c.

FAIRFAX L. CARTWRIGHT.

[13291]

No. 121.

The Imperial Bank of Persia to Foreign Office.—(Received April 18.)

Sir,

25, Abchurch Lane, London, April 16, 1910.

I HAVE the honour to acknowledge your letter of the 8th instant, only received this morning, the contents of which were duly verbally communicated to the Board.

With reference to your remark that—

"It is of course understood that the bank guarantees the regular payment of the interest and sinking fund of the Anglo-Indian advances of 1903 and 1904, as well as that of such arrears as are already due on this account."

I am instructed to state that my directors regret that they are unable to give the "guarantees" mentioned. They rather reply upon the support of His Majesty's Government to further British interests by enforcing the carrying into effect of any undertaking that may finally be agreed upon with the Persian Government.

I beg to enclose copy of a memorandum, left with the directors, of the purport of a verbal communication made by Sir George Mackenzie at the Foreign Office yesterday, which correctly states the present position as understood by the directors of the Bank of Persia, who will be pleased to receive the revenues of the southern customs as therein mentioned, and to allocate same as may properly be applicable to the redemption of the Anglo-Indian loan.

I have, &c.

G. NEWELL, *Manager.*

Enclosure in No. 121.

Memorandum of Explanation given to Mr. Mallet and Mr. Maxwell at interview at Foreign Office, April 15, 1910.

ON calling at the Foreign Office last night I found that a telegram had been received from Sir George Barclay, stating that some misunderstanding seemed to exist regarding the payment of the Government loan incorporated in the debt due to the bank.

I explained that the misunderstanding appeared to have arisen on the telegram dispatched by the bank on the 8th instant, with the object of making it quite clear to the manager at Tehran that in settlement with the Persian Government the debt due under the Anglo-Indian loan (about 300,000L.) was to be added to the debt due to the bank (about 600,000L.) in accordance with the verbal undertaking given by me personally to Mr. Mallet on that date.

It appeared to the directors that the subsequent telegram of the 13th, received from Tehran, stating that the Persian Government desired to modify the terms at first proposed (viz., monthly payments of interest at 7 per cent. and capital on the entire debt) was at variance with the original terms of the Anglo-Indian Agreement (i.e., 5 per cent. interest and payment of capital by twenty yearly instalments) and availed of to put forward the fresh proposal.

I pointed out, to obviate any misunderstanding—and not to give the Persians a loophole for changing the basis of their original proposal—that the telegram of the 8th was dispatched to make the matter quite clear, and I explained that my understanding of the settlement as it now stands, if accepted by the Persian Government, is as follows:—

The bank to receive the exclusive collection of all the southern customs, and therefrom to deduct monthly the interest and capital due over fifteen years, handing over to the Persian Government any surplus thereafter, it being made clear to the Persian Government that the end of the first year (the 21st March, 1911) they would have to pay an additional 5 per cent. interest on the Anglo-Indian debt, and one-twentieth part of the capital of same. In default of their so doing the bank to add the interest and capital due under the Anglo-Indian Agreement to the monthly collection payable to the bank, treating as surplus anything remaining thereafter.

This appears to me the proper way of treating the matter in the event of the Persian Government raising any objection to alteration in the terms of the Anglo-Indian Agreement. I hope this is correct and clearly understood.

I understand a telegram was sent to Sir George Barclay, explaining the matter to him in the above sense.

G. S. M.

April 16, 1910.

[13320] No. 122.

Imperial Bank of Persia to Foreign Office.—(Received April 18.)

Sir, 25, Abchurch Lane, London, April 18, 1910.
I HAVE the honour to enclose herewith the translation of a telegram received this morning from the Tehran office of the bank.

I have, &c.
G. NEWELL, Manager.

Enclosure in No. 122.

Special Telegram received from Tehran, April 18, 1910.

(Translation.)

PERSIAN Government agree to pay specified yearly instalment to redeem both loans fifteen years, provided that in exchange for Mohammerah-Ahwaz British Government remove lien on post telegraph; Caspian Sea fisheries previously pledged. We have informed British Minister. British Foreign Office informs British Minister British Government loan. It will be included in our arrangement.

[13186] No. 123.

Sir G. Barclay to Sir Edward Grey.—(Received April 18.)

(No. 172.)
(Telegraphic.) P. Tehran, April 18, 1910.

RUSSIAN troops in Persia.
Please refer to final paragraph of Sir A. Nicolson's telegram No. 124 of the 14th April.
No conditions for withdrawal of Kazvin force have yet been presented by my Russian colleague. Although Russian Government have suggested several conditions, M. Poklewski will defer his reply until Cabinet crisis subsides and question of disposal of Sattar and Bagher Khans, who unfortunately have been permitted to enter Tehran, has been settled.

[13321] No. 124.

Sir G. Barclay to Sir Edward Grey.—(Received April 18.)

(No. 174.)
(Telegraphic.) En clair. Tehran, April 18, 1910.
MY telegram No. 171 [of 17th April: Attack on Mr. Bill].
Bill arrived at Kumisheli.

[13323] No. 125.

Sir A. Nicolson to Sir Edward Grey.—(Received April 18.)

(No. 126.)
(Telegraphic.) P. St. Petersburg, April 18, 1910.
YOUR telegram No. 177 of the 15th April: Proposed loan by international syndicate to Persian Government.

I am informed by M. Sazonow that the 1st January, 1912, is the earliest date at which the Russian loans can be redeemed, but that the syndicate would not be pre-

vented by this from paying the amount of the floating debt, which, however, is the smallest part of Persia's obligations. The questions raised in your telegram will be referred to M. Stolypine and the Finance Minister by M. Sazonow, who promises to reply more fully later on.

It would be well if I could give the Russian Government some information as to how the syndicate is composed if anything is known as to its composition.

[13322] No. 126.

Sir A. Nicolson to Sir Edward Grey.—(Received April 18.)

(No. 127.)
(Telegraphic.) P. St. Petersburg, April 18, 1910.
PROPOSED withdrawal from Kazvin of the Russian troops.

My telegram No. 124 of the 13th April.

On the 16th April I was informed by Acting Minister for Foreign Affairs that the conditions mentioned in my telegram No. 124 have not been communicated to the Persian Government by M. Poklewski. I understand therefore that the Russian Government will abandon them. I have again expressed a strong hope that there will now be no undue delay in withdrawing these troops from Kazvin.

[13325] No. 127.

Sir A. Nicolson to Sir Edward Grey.—(Received April 18.)

(No. 128.)
(Telegraphic.) P. St. Petersburg, April 18, 1910.
CONCESSION claimed by Russian subject on banks of Karun River.

Translations of the documents will be sent to you by next messenger. These state that the lessee possesses great influence with the Nationalist party, that he has a brother who is a member of the "Supreme Council of Six," in whose hands is the whole administration of Persia, that this brother organised the whole Nationalist struggle, and is a "national hero" to whom the country is under an obligation. The lessee himself claims that he counts Taghi Zade among his intimate friends. In the explanatory memorandum, it is stated that the undertaking must be supported by the Russian bank; that Mohammerah is the nearest port of which the customs revenues are not surrendered to Great Britain; that the only reason why the Russian bank has not hitherto encashed these revenues is that it has not had an agent on the spot; that if a cotton-growing company is formed on the Karun the Russian bank will naturally constitute that company its agents, and will authorise them to encash the Mohammerah customs receipts.

It is explained also in the memorandum that the lessor's uncle, when Governor-General of Bushire, acquired the property which it is now proposed to lease. Some of the land was bought, and some was granted by the State in exchange for other land which was taken from its owner to be utilised for the settlement upon it of nomad Kurdish tribes. It is claimed that the title to the State-granted lands is an hereditary one, and that they were not granted for life only.

[13326] No. 128.

Sir A. Nicolson to Sir Edward Grey.—(Received April 18.)

(No. 129.)
(Telegraphic.) P. St. Petersburg, April 18, 1910.

PERSIAN loans.

My telegram No. 126 of to-day.

I have just received a message from M. Sazonow to say that, in writing to me as to the date of redemption of the Russian loans, he made a slip of the pen. The 1902 loan cannot be redeemed till 1912, but the 1900 loan is redeemable, on six months' notice being given to the Russian bank, after the 1st January of the present year.

[13210]

No. 129.

Mr. Ellinger to Foreign Office.—(Received April 18.)(Telegraphic.) *En clair.**Manchester, April 18, 1910.*

REFERRING to yours of 15th, contract covers all oxide contained in Muin's concessions or within his control, but does not apply to minerals other than oxide. Muin cables Bucknall's steamer "Pondo" arrived Hormuz to load 1,500 tons for Stricks; can you not prevent loading? Will call to-morrow 3.30 p.m. unless you wire another hour more convenient to you.

[13024]

No. 130.

Sir Edward Grey to Sir G. Barclay.

(No. 104.)

(Telegraphic.) R.

Foreign Office, April 18, 1910.

YOUR telegrams Nos 168 and 171 [of 17th April: Attack on Mr. Bill].
I approve.

[12774]

No. 131.

Foreign Office to India Office.

Sir,

Foreign Office, April 18, 1910.

I AM directed by the Secretary of State for Foreign Affairs to transmit to you, for submission to Viscount Morley, the enclosed copy of a telegram from His Majesty's Minister at Tehran,* in regard to the fresh assurances to be given to the sheikh of Mohammerah.

In his telegram No. 95 to Sir G. Barclay of the 12th instant, Sir E. Grey authorised the communication to the sheikh of Mohammerah of an assurance in the terms of the first sentence of Enclosure No. 2 in Sir G. Barclay's despatch No. 207 of the 9th November, 1909, copy of which was enclosed in my letter to you of the 31st January last, Sir E. Grey does not consider that it would be advisable to extend this assurance by the insertion of the words "or Bakhtiari tribe" after "Persian Government," as indicated by His Majesty's consul-general in the telegram now enclosed, and he therefore proposes, subject to Lord Morley's concurrence, to assent to Sir G. Barclay's suggestion that any further extension of this part of the assurances to be given to the sheikh is entirely unnecessary.

I am, &c.

LOUIS MALLET.

[12887]

No. 132.

Foreign Office to Imperial Bank of Persia.

Sir,

Foreign Office, April 18, 1910.

WITH reference to my letter of the 19th February, and to your reply of the 24th February, relative to the proposed joint Anglo-Russian advance of money to the Persian Government, I am to state that Secretary Sir Edward Grey understands that the sum of 100,000L., the moiety of the British share of the advance, has been forwarded to you from the India Office, to be placed at the order of His Majesty's Minister at Tehran for the purposes of making the advance in question.

There appears now to be but little likelihood of this advance being accepted by the Persian Government, and it is therefore desirable that the amount in question should be returned to Indian funds. I am accordingly directed to request that you will be so good as to arrange for the immediate re-transfer to the Secretary of State for India of the 100,000L. provided from Indian funds.

A receivable order for this purpose is enclosed herein.†

I am, &c.

LOUIS MALLET.

* No. 91.

† Receivable Order in No. 12,887 in original.

[13210]

No. 133.

Foreign Office to Mr. M. Ellinger.

Sir,

Foreign Office, April 18, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your telegram of to-day relative to Muin-ut-Tujjar's concessions for the extraction of red oxide in the Persian Gulf.

I am to inform you, in reply, that Sir E. Grey is unable to take forcible action to stop the shipment to which you refer.

Subsequent to your visit on the 14th instant, His Majesty's Minister was instructed to inform the Persian Government of the terms of the Moin's contract with Messrs. Andrew Weir and Co., and to point out to them that His Majesty's Government are bound to see that the rights of that firm are respected, but he reports that his action which he has already taken in informing the Persian Government that His Majesty's Government will hold them responsible for your losses is, in his opinion, enough for the present.

If, in these circumstances, you still wish to call at this department, the hour and day you propose will be convenient.

I am, &c.

LOUIS MALLET.

[13419]

No. 134.

Sir A. Nicolson to Sir Edward Grey.—(Received April 19.)

(No. 191.)

Sir,

St. Petersburg, April 15, 1910.

I HAVE the honour to report that the "Novoe Vremya" publishes an article to-day on the attacks which are now being made on the Anglo-Russian agreement as it affects Persia. The journal begins by pointing out that the attacks are coming from three sources: from the reactionary portion of the Russian press, and from the Chauvinistic newspapers in Germany and the Radical in England. It considers that a cause which can bring into harmony three such diametrically opposed schools of thought must be of real importance. The article then proceeds to an examination of the statement, which has appeared in the "Vossische Zeitung," that England and Russia have no more rights in Persia than has Germany, and are therefore not on strong ground in making a protest against the action of German financiers who are attempting to obtain concessions in Persia, and are offering loans free from the onerous conditions imposed by England and Russia. The "Novoe Vremya" combats this statement, and replies that the so-called onerous conditions are nothing more than a proper guarantee over the expenditure, and that England and Russia are ready to supply money for the needs of the Persian State, but not for the purpose of enriching corrupt officials, who might profit by the absence of control which Germany offers in return for a high rate of interest. The "Vossische Zeitung" is not content with this, but endeavours to convince England that Russia will never withdraw her troops from Northern Persia, and warns Englishmen against their Government, who have allowed Russia to take advantage of the difficulties which England is encountering in Egypt and India to obtain a firm footing in Persia. To these charges the "Novoe Vremya" replies that the German paper has evidently three objects in view: (1) To incite public opinion in Persia against Russia; (2) To raise doubts in England as to the value of the Anglo-Russian agreement; (3) To obtain a new sphere of activity for German bankers. The journal considers that these insinuations have not been without effect on the English Radical press, which still maintains its old attitude towards Russia, and appears to imagine that Russia is hoping for economic chaos in Persia, and under cover of the Anglo-Russian agreement is pursuing this aim. The "Novoe Vremya" stigmatises these fears as ridiculous, and points out that Russia, who has invested large sums of money in Persia, who is daily losing her trade, and who has incurred great expense in dispatching troops to Persia and in maintaining others on the frontier ready for any emergency, is as interested in the restoration of law and order in Persia as any country. But English Radical newspapers, such as the "Manchester Guardian," cannot or will not look at the question from this point of view, and go hand in hand with the German chauvinists in their efforts to sow discord between England and Russia. Thus the "Hamburger Nachrichten," while deprecating the handle supplied by the action of German financiers in Persia to the Russian and English press

to write of German intrigues in Persia, yet does not for one instant deny that they have a perfect right to interfere. As if an academic right has any meaning at the present time. The article points out that Germany has obtained a wide field for the activity of her financiers in Asia which she has far from utilised, the Bagdad Railway being still incomplete from lack of funds, and it therefore considers that German interference in Persia is not to be explained by a natural endeavour to find an outlet for surplus capital, but is nothing more nor less than open political intrigue; and that the movements of the agents of the Deutsche Bank at Tehran have an entirely unmistakable significance. The "Novoe Vremya" concludes by saying that the Anglo-Russian agreement is something more than a skilful move in the diplomatic game, and it is therefore confident that neither the wiles of German politicians nor the futile lucubrations of English Radicals and Russian chauvinists will be able to destroy it.

I have, &c.
A. NICOLSON.

[13347] No. 135.

Director of Military Operations to Foreign Office.—(Received April 19.)

(Confidential.)

THE Director of Military Operations presents his compliments to the Under-Secretary of State for Foreign Affairs, and with reference to Foreign Office note, Confidential, of the 12th ultimo, begs to state that Lieutenant J. Woolf, of the City of London Yeomanry, has applied for further leave of absence from the 26th April to the 15th July, with permission to travel in Persia.

Major-General Ewart would be glad to know whether it is desirable to refuse this leave.

War Office, April 18, 1910.

[13596] No. 136.

M. Isvolsky to Count Benckendorff.—(Communicated to Foreign Office, April 19, 1910.)

POUR le cas où la réponse de la Porte concernant la question d'Ourmiah ne serait pas satisfaisante, nous pensons qu'il serait désirable de proposer au Gouvernement ottoman de confier à un officier turc, de concert avec un représentant des consulats généraux d'Angleterre et de Russie à Tauris, la mission de parcourir toutes les localités sises entre le Lac Ourmiah et la frontière turque, pour établir, avec la coopération des autorités persanes, l'effectif exact et la dislocation de la force armée turque et élucider en même temps la nature des mesures prises par les autorités supérieures locales turques, tant militaires que civiles.

Nous espérons être le plus tôt possible informés de l'opinion à ce sujet de Sir Edward Grey.

[13585] No. 137.

M. Isvolsky to Count Benckendorff.—(Communicated to Foreign Office, April 19, 1910.)

(Confidentiel.)

LA communication de M. de Bethmann-Hollweg indique que le Gouvernement allemand est décidé à se créer en Perse une situation incompatible avec les intérêts russes et anglais. Ces prétentions semblent exclure la possibilité de s'entendre avec le Gouvernement allemand sur la question du Chemin de Fer de Bagdad. Pourtant une entente de ce genre continue à nous paraître désirable.

Dans ce but même et pour empêcher des faits accomplis, une pression énergique sur le Gouvernement persan nous paraît nécessaire pour détourner ce dernier d'accorder à l'Allemagne, en échange de secours financier, des concessions qui nous seraient nuisibles.

Dans notre opinion il n'y aurait pas en pareil cas à reculer devant des mesures

très énergiques, que nous sommes prêts à étudier, de même que nous étudions la réponse que nous devons au Gouvernement allemand, sur laquelle nous ne manquerons pas d'échanger nos idées avec le Gouvernement britannique.

Pour le moment nous télégraphions à M. Poklewski qu'il nous semblerait utile de déclarer au Régent de Perse, si la décision finale dépend de lui, que des concessions à des étrangers sans entente préalable avec les Gouvernements russes et anglais seraient considérées par nous comme une action notoirement hostile et pourraient avoir pour la Perse les conséquences les plus sérieuses. M. Poklewski est en même temps chargé de donner son opinion sur la nature des mesures coercitives qui pourraient être prises en cette éventualité.

Ce qui précède est pour l'information de Sir Edward Grey, dont nous attendrons l'opinion aussitôt que possible.

[13309] No. 138.

Sir G. Barclay to Sir Edward Grey.—(Received April 19.)

(No. 173.)

(Telegraphic.) P.

Tehran, April 19, 1910.

I LEARN from Brown that Messrs. Strick consider that to make overtures to Weir would serve no purpose. He thinks, however, that his firm has been offered such a favourable contract that it might be found advantageous to close with the offer of the Persian Government even if Weir had to be paid an indemnity as one of its conditions.

[13493] No. 139.

Sir G. Barclay to Sir Edward Grey.—(Received April 19.)

(No. 175.)

(Telegraphic.) P.

Tehran, April 19, 1910.

SITUATION in the south.

In continuation of my telegram No. 164 of the 16th April I have the honour to report that Soulet-ed-Dowleh has indirectly approached His Majesty's acting consul at Shiraz for advice, and has sounded him with regard to the possibility of obtaining some sort of guarantee against the Persian Government from us.

Any such guarantee is of course impossible, but I am instructing Mr. Smart to inform the Kashgai chief that, so long as he continues his allegiance to central Government, Sardar Assad has promised not to dismiss him. I have also told Mr. Smart to advise him to refrain from any action which could hamper Persian Government, and to co-operate in the maintenance of order in the Fars.

[13494] No. 140.

Sir G. Barclay to Sir Edward Grey.—(Received April 19.)

(No. 176.)

(Telegraphic.) P.

Tehran, April 19, 1910.

ATTACK on Mr. Bill.

Please refer to my telegram No. 168 of the 17th April.

Recent outrage, I consider, makes it imperative that we should take some overt action with a view both to rousing the Persian Government to make a serious effort for the re-establishment of its authority in those regions, and to ensuring the safety of our officials in future against such attacks. In the meanwhile I am consulting His Majesty's consular officers at Isfahan, Shiraz, and Bushire, whom I am withal reminding of the objection to anything in the nature of occupation or of a punitive expedition, and I will telegraph definite recommendation on receipt of their views.

[13491]

No. 141.

Sir G. Barclay to Sir Edward Grey.—(Received April 19.)

(No. 177.)

(Telegraphic.) P.

OIL company.

Please refer to my telegram No. 153 of the 12th April.

If not already paid in the south khans wish the 5,000*l.* to be paid at Tehran.

Repeated to His Majesty's consul at Ahwaz.

Tehran, April 19, 1910.

[13495]

No. 142.

Sir G. Barclay to Sir Edward Grey.—(Received April 19.)

(No. 178.)

(Telegraphic.) P.

SITUATION in the south.

Please refer to my telegram No. 167 of

Lieutenant Wilson reports the signature on the 15th April of an agreement, which he and His Majesty's consul-general at Bushire consider to be innocuous, between Soulet-ed-Dowleh and Sheikh of Mohammerah. Sheikh in concluding agreement, he says, yielded to our representations and refrained from committing himself to anything that might lead to trouble with Sardar Assad, but he now counts on us for protection against either open or covert aggression on the part of the Bakhtiari khans or the Minister of the Interior.

In so far as this arrangement should serve to postpone crisis, I consider it satisfactory.

Tehran, April 19, 1910.

[13496]

No. 143.

Sir G. Barclay to Sir Edward Grey.—(Received April 19.)

(No. 179.)

(Telegraphic.) P.

IN continuation of my telegram No. 173 of the April, Brown informs me that Strick hopes now to be able to conclude an arrangement with Weir in regard to oxide concession.

I learn, however, that Moni is seeking to regain his concession both through money and influence. As he would then be entirely independent of us and of Weir, such an eventuality would be most prejudicial to our interests. It is therefore important that Strick should pay over as soon as possible the first instalment, due under proposed contract between his firm and Persian Government.

Tehran, April 19, 1910.

[13320]

No. 144.

Sir Edward Grey to Sir G. Barclay.

(No. 105.)

(Telegraphic.) P.

CONVERSION of Persian Government's British debts.

Foreign Office, April 19, 1910.

Please refer to telegram received yesterday by Imperial Bank of Persia from manager at Tehran communicating Persian Government's proposal to pay specified annual instalments for redemption of all loans within a period of fifteen years on condition that we surrender liens on posts and telegraphs and Caspian Sea fisheries. According to the bank's calculation, the southern customs (which, including Mohammerah, produced, in 1906, 150,000*l.*), which would then constitute only security, would be more than sufficient, since total yearly instalment required for the redemption would only be 122,000*l.*

I should be glad to have your opinion as to the proposed surrender of liens and the value of the southern customs as security.

Should we accept the proposal, we assume that the capital on both loans would be repayable yearly in fifteen equal payments, and that interest on both Government and bank loans would be paid monthly at 7 and 5-per cent. respectively. This arrangement

is obviously less favourable than the one at first put forward, but the India Office hold out for some arrangement by which Government interest, &c., would be paid monthly, and they want your opinion as to the surrender of liens on posts, telegraphs, and Caspian fisheries.

Would not an opening for foreign interference with the Indo-European Telegraph Department, which would be most undesirable, be offered if we were to surrender the lien on telegraphs, and if those revenues were to form security for a foreign loan?

[13496]

No. 145.

Sir Edward Grey to Sir G. Barclay.

(No. 106.)

(Telegraphic.) P.

HORMUZ oxide.

Foreign Office, April 19, 1910.

It appears from information given by Ellinger during a visit to this Office that there is a possibility of an arrangement being reached with Strick.

This is most desirable, especially in the interests of Persia, because whatever happens Persian Government will now be exposed to a claim from one of the two parties. Surely Weir's contract will stand if the Muin-et-Tujjar regains his concession?

[13323]

No. 146.

Sir Edward Grey to Sir A. Nicolson.

(No. 181.)

(Telegraphic.) P.

Foreign Office, April 19, 1910.

IN reply to your telegram No. 126 of yesterday requesting information as to the International Oriental Syndicate (Limited), I have to say that we are asking Board of Trade for full particulars.

In the meanwhile I learn that the syndicate (which was registered on the 25th October, 1909, as a private limited company) is limited to fifty members. It has a nominal capital of 2,000*l.*, which is divided into forty 50*l.* ordinary shares, of which twenty are paid up. Its objects are the acquisition of land, gold, silver, and other metal, and oil concessions, as well as to prospect for minerals, &c. Besides the six directors (three of whom—not including Mr. Woolf—are of good financial standing) there are five shareholders. I presume that on obtaining a concession an increase in capital would be made.

[13548]

No. 147.

The Imperial Bank of Persia to Foreign Office.—(Received April 20.)

Sir,

25, Abchurch Lane, London, April 19, 1910.

I HAVE the honour to acknowledge the receipt of your letter dated the 18th instant, and have taken note of the contents.

As instructed by you, I have paid the sum of 100,000*l.* to the Bank of England for the credit of the Secretary of State for India.

I have, &c.

G. NEWELL, Manager.

[13586]

No. 148.

India Office to Foreign Office.—(Received April 20.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram from the Viceroy, dated the 19th April, 1910, relative to the attack by Persian tribesmen on Mr. Bill.

India Office, April 20, 1910.

Enclosure in No. 148.

Government of India to Viscount Morley.

(Telegraphic.) P.

MAJOR COX telegraphed as follows on the 16th instant:—

"Report from telegraph superintendent, Shiraz, states that an attack was made yesterday upon Mr. Bill, in which two of his Indian sowars were killed, between Shulgistan and Abadeh. Bill has left for Yesdikhast; on his arrival at Kumeshah telegraph office, he will doubtless report details officially."

Pending receipt of further details we defer expression of opinion.

[13594]

No. 149.

Sir G. Barclay to Sir Edward Grey.—(Received April 20.)

(No. 180.)

(Telegraphic.) P.

Tehran, April 20, 1910.

I AM informed by manager of Imperial Bank of Persia in Tehran that if our Government loan is included in the bank's arrangement, the Persian Government expect that lien on telegraph revenues and on Caspian fisheries should be abandoned.

The customs revenue, if freed from quasi-fixed charges (please see my telegram No. 161 of the 15th April), would amply cover service of both Government and bank loans, but this condition, in that it would set free definite revenues, which Persian Government could utilise in order to obtain a loan from third parties, is open to your objection.

[13595]

No. 150.

Mr. Marling to Sir Edward Grey.—(Received April 20.)

(No. 182.)

(Telegraphic.) P.

Tehran, April 20, 1910.

PLEASE refer to Sir George Barclay's telegram No. 154 of the 12th April.

I am informed by His Majesty's consul at Tabreez that at Jebelkend, in Baranduz, an export duty of 1 per cent. is being levied by Turks. Russian consul-general has shown Mr. Shipley a customs receipt for money paid on goods transported from Solduz into Persian territory.

[13607]

No. 151.

Sir A. Nicolson to Sir Edward Grey.—(Received April 20.)

(No. 181.)

(Telegraphic.) P.

St Petersburg, April 20, 1910.

MY telegram No. 129 of the 18th April.

Proposed loan to Persia by International Syndicate.

The Minister of Finance, M. Sazonow tells me, is not by any means inclined to favour the proposed redemption of Russia's loans to Persia. He considers it very possible that the proposal may conceal some political design, and he will not encourage in any way any transaction of the nature indicated. He would be quite willing, however, to see the floating debts repaid. These debts amount to about 1,000,000*l.* Enquiry has been made of me as to whether the International Syndicate comprises any German interests, and I have been asked whether I can ascertain the identity of the two foreign Powers mentioned as being ready to carry through the undertaking.

[13323]

No. 152.

Foreign Office to Board of Trade.

Sir,

Foreign Office, April 20, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge with thanks the receipt of your letter of the 30th ultimo relative to the composition and financial standing of the International Oriental Syndicate (Limited).

I am to enquire whether any further information has reached the Board of Trade since the date of your letter regarding the operations of this company or the financial position of its directors.

I am, &c.

LOUIS MALLET.

[12117]

No. 153.

Foreign Office to Anglo-Persian Oil Company.

Sir,

Foreign Office, April 20, 1910.

I AM directed by the Secretary of State for Foreign Affairs to refer to the last paragraph of your letter of the 10th February respecting the transfer to the Bakhtiari khans of the shares in the First Exploitation and Bakhtiari Oil Companies to which they are entitled, and to inform you that he concurs in the proposal that when the moment for effecting the transfer arrives your agents should be present at the time of delivery, and should hand the shares to His Majesty's consul at Ahwaz, who would then hand them to the khans. The Secretary of State's concurrence is given subject to the reservation that His Majesty's consul at Ahwaz shall be consulted as to the time and place of the meeting at which the delivery of the shares to the khans is to be effected.

I have, &c.

LOUIS MALLET.

[12266]

No. 154.

Foreign Office to Imperial Bank of Persia.

Sir,

Foreign Office, April 20, 1910.

I AM directed by the Secretary of State for Foreign Affairs to acknowledge the receipt of your letter of the 9th April relative to the arrangement for the amalgamation of the Persian Government's debts to the Imperial Bank of Persia, in which you request that His Majesty's Minister at Tehran may be instructed to press the Persian Government to give the most binding undertaking for prompt monthly payments from the customs receipts pledged under the arrangement, and stating the view that the claims of the bank on those receipts will have priority over any others.

I am directed by Secretary Sir Edward Grey to transmit to you the enclosed copy of a letter from the India Office,* setting forth the exact priority of the claims on the southern customs of Persia of the various advances and loans made to the Persian Government from time to time by the Imperial Bank of Persia and by the Imperial and Indian Governments.

Subject to your acceptance of the principles laid down in this letter from the India Office, I am to state that Sir Edward Grey is willing to issue instructions to His Majesty's Minister at Tehran in the sense desired by you.

I am, &c.

LOUIS MALLET.

[13630]

No. 155.

Sir A. Nicolson to Sir Edward Grey.—(Received April 21.)

(No. 196.)

Sir,

St. Petersburg, April 18, 1910.

M. PAGENKOPF, the representative in St. Petersburg of the Indo-European Telegraph Company, called at this embassy a few days ago, and, in the course of a conversation upon other matters with Mr. Kidston, mentioned that his company was convinced that the Germans were making serious efforts to acquire control of the Khanikin-Tehran telegraph line, and had instructed him to endeavour to come to some arrangement with the Russian Government in order to frustrate their designs.

Mr. Kidston drew M. Pagenkopf's attention to the agreement concluded by his company on the 14th June, 1906, with the Persian Government (see Persia Print Vol.,

* No. 78.

Part VII, July to September 1906, p. 27), whereby the company was empowered to come to an arrangement with His Majesty's Government for the resumption of the working of the line. Mr. Kidston pointed out that this agreement had been made for the express purpose of confirming British rights on this section and of preventing its cession to a third Power, and that the fact of its registration at the Russian Legation in Tehran showed that the Russian authorities must be perfectly aware of its existence and of its terms.

M. Pagenkopf said that he had been quite unaware of the existence of any such agreement, nor had any reference been made to it by the Russian authorities here in their conversations with him on the subject. A few days later M. Pagenkopf sent to Mr. Kidston a letter, of which I have the honour to enclose an extract, and the accompanying copy of a communication which he had addressed, by order of his directors, to the Russian Administration of Posts and Telegraphs and to the Ministry of Foreign Affairs.

The company appear to be acting on a misapprehension of the terms of the Anglo-Russian agreement concerning Persia and without consideration of the terms of article 3 of that instrument, whereby concessions already existing in the Russian sphere are expressly confirmed. In any case it seems to me that the independent negotiation of these questions by the company with the Russian Government may lead to great confusion, and I venture to suggest that it would perhaps be well to communicate with the directors of the company on the subject.

I have, &c.
A. NICOLSON.

Enclosure 1 in No. 155.

M. Pagenkopf to Mr. Kidston.

(Extract.)

REGARDING the Khanikin route, I find that the convention you were kind enough to refer to when I called last at the embassy was concluded before the British and Russian spheres of influence were created in Persia, and Russia not being a party to that convention, but the Khanikin route being included in the Russian sphere, it has been thought necessary to apply to the Russian Government to give its consent to any agreement the company may enter into with Persia concerning this route.

The reasons the Indo-European Company has for trying to obtain control of the Khanikin route are at length elaborated in my letter of the 12th March addressed to the "Direction générale" of Posts and Telegraphs on the subject, and of which I beg to hand you copy herewith.

Enclosure 2 in No. 155.

M. Pagenkopf to the "Direction générale" of Posts and Telegraphs.

Saint-Petersbourg, le 27 février (12 mars), 1910.

JE suis chargé par le conseil des directeurs de la Compagnie télégraphique indo-européenne de soumettre ce qui suit à la Direction Impériale générale des Postes et Télégraphes :—

Il y a quelque temps déjà (et cela avant que ne fût souscrite la Convention anglo-russe) la Compagnie télégraphique indo-européenne avait été en pourparlers avec le Gouvernement persan avec l'intention d'entreprendre la section persane de la route de Baschkale-Maranda-Tauris-Téhéran, longue de 142 verstes à peu près, ayant en vue, au cas où l'on arriverait à un accord quelconque, de faire de même pour la section persane de la route de Hanekin, Hamadan-Téhéran, longue de 516 verstes à peu près.

Dans le temps ces négociations sont restées sans aucun résultat positif, mais depuis le Gouvernement persan s'est de nouveau adressé à la compagnie pour s'informer ce qu'elle pensait par rapport à la route de Baschkale, et comme alors la compagnie est toute prête à prendre sur elle le contrôle de ces deux lignes, de les remettre à cet effet en bon ordre, et de les exploiter comme agents du Gouvernement persan, au cas où le Gouvernement Impérial russe approuverait un accord pareil entre elle et le Gouvernement persan.

La compagnie serait également prête à prendre sur elle l'élargissement et l'entretien des lignes persanes au nord, au nord-ouest, et à l'ouest de la Perse si le

Gouvernement russe voulait favoriser un accord pareil, dont les conditions conviendraient au Gouvernement persan. Il me sera peut-être permis de démontrer ici que c'est de la plus grande importance pour la Perse, au point de vue du commerce et de la politique, de voir s'établir graduellement un réseau de lignes télégraphiques bien organisé et bien exploité, car, à défaut d'un réseau pareil, le commerce ne pourrait jamais se développer d'une façon sensible, et les ressources et les richesses naturelles de ce pays resteraient indéfiniment en friche.

Je suis également chargé de démontrer qu'un accord qui réunirait les Gouvernements russes et persans et la compagnie serait possible et pourrait être accepté par cette dernière pour l'entretien et, en cas de nécessité, pour la construction et l'exploitation des lignes persanes mentionnées ci-dessus, au profit du Gouvernement persan et sous le contrôle d'un des Gouvernements ou de tous les deux, pourvu que les sections persanes des lignes de Baschkale et de Hanekin soient comprises dans cet arrangement.

Ce n'est pas seulement dans un but commercial que la compagnie voudrait entreprendre cette affaire; elle a des raisons plus sérieuses pour empêcher, s'il est possible, un Gouvernement étranger quelconque—excepté les Gouvernements russe ou persan—des compagnies privées ou des syndicats d'obtenir le contrôle de ces lignes, surtout des lignes de Baschkale et de Hanekin, car ce contrôle, sous une influence étrangère, pourrait être très facilement organisé en réunissant la ligne internationale turque via Fao aux routes susmentionnées, et exposerait non seulement le commerce international télégraphique avec la Perse, mais aussi celui des télégrammes échangés entre l'Europe et l'Amérique, d'un côté, et les Indes et les pays au delà des Indes, d'un autre côté. Ceci diminuerait d'une façon sensible les revenus de la Compagnie indo-européenne en la privant d'une partie du commerce télégraphique traversant la Russie sur sa ligne et priverait également le Gouvernement Impérial russe de la part qui lui revient de ce commerce.

A la suite de ces circonstances je suis chargé de prier la Direction Impériale générale des Postes et Télégraphes de consentir à ce que ma compagnie entre en négociations avec le Gouvernement persan pour un accord tel qu'il a été décrit plus haut, à condition que cet accord soit soumis à l'approbation du Gouvernement russe au cas où ce dernier ne trouverait pas possible d'y prendre part lui-même. Si la permission n'était pas accordée à la compagnie d'entrer en négociations avec le Gouvernement persan à ce sujet, cette dernière serait bien reconnaissante au Gouvernement russe de vouloir bien déclarer qu'il ne donnerait son consentement à aucun Gouvernement étranger, à aucune société, ni à aucune personne, hors de l'État russe ou persan, pour prendre pied sur les lignes de Baschkale et de Hanekin, ni sur aucune autre ligne turco-persane présente ou future, et que la Compagnie indo-européenne aurait la préférence sur tous les Gouvernements étrangers, sur toutes les entreprises d'un ordre privé, au cas où la proposition actuelle de ma compagnie pour l'exploitation et l'entretien de toutes les lignes persanes ou de l'une d'elles ne pouvait être agréée par les Gouvernements russe ou persan. Dans le cas où le Gouvernement Impérial russe accorderait son consentement, la compagnie présenterait tous les détails nécessaires après s'être mise à ce sujet en communication avec le Gouvernement persan.

Ci-joint une carte géographique représentant la ligne turque internationale Constantinople-Fao, réunie à la ligne Maranda-Tauris-Téhéran par un embranchement via Baschkale et à la ligne Hamadan-Téhéran par la route de Hanekin.*

J'ai l'honneur d'ajouter qu'une lettre exactement pareille a été adressée au Ministère des Affaires Étrangères.

Le Représentant de la Compagnie
télégraphique indo-européenne,
L. PAGENKOPF.

[13669]

No. 156.

Lieutenant-Colonel Beddoes to Sir Edward Grey.—(Received April 21.)

Sir,

Red House, Redbourne, Herts, April 20, 1910.

WOULD you be good enough to let me know whether it would be in any way objectionable, or inimical to the interests of His Majesty's Government, if a loan of some millions was advanced to the Persian Government?

* Not reproduced.

The advance would be made by an Anglo-American firm of unquestioned standing. May I further trouble you to let me have a reply at your earliest convenience?

I have, &c.

H. R. BEDDOES.

[13721]

No. 157.

Mr. Marling to Sir Edward Grey.—(Received April 21.)

(No. 184.)

(Telegraphic.) P.

HORMUZ oxide.

Tehran, April 21, 1910.

In reply to your telegram No. 106 of the 19th April I have the honour to report that Persian Government profess to have proof of the cancellation of Moin-ut-Tujjar's oxide concession in 1905. No concession, they state, has been granted to him since that date. I presume that Weir would have no claim against Persian Government in this case.

I am expecting to see the documents shortly.

It would be well to inform Strick of this.

[13728]

No. 158.

Mr. Marling to Sir Edward Grey.—(Received April 21.)

(No. 185.)

(Telegraphic.) P.

Tehran, April 21, 1910.

CONVERSION of Imperial Bank of Persia's advances.

Please refer to your telegram No. 105 of the 19th April.

I am informed by manager of bank, Tehran, that the question of the surrender of the three revenues was raised by Persian Government rather as an expression of a strong wish than as a condition of including Government loan in the arrangement, but he is of opinion that conclusion of bank's negotiations will be delayed if His Majesty's Government refuse.

M. Poklewski concurs with me in considering the surrender of revenues to be most undesirable, and I submit that Government loan should be rather excluded from the arrangement than included in it under such conditions.

Under contemplated arrangement, loan, I would further point out, would be paid off in fifteen years, i.e., in 1925, whereas it would have been discharged in 1924 under the original agreement. We would not therefore be receiving a *quid pro quo* from Persian Government.

[13741]

No. 159.

Telegram communicated to Foreign Office by Mr. Ellinger.

HORMUZ oxide.

Moin cables, replying ours of yesterday as follows:—

"If the arrangement can be made with Government, can obtain security with the signature of Parliament. Very often you guaranteed Foreign Office will not permit anybody shipping, and money is to be paid to you. Was this promise fulfilled? The most important is to stop shipment per steam-ship "Pondo" now loading Hormuz."

We, Ellinger and Company, must again ask you on behalf of Weir and ourselves to take immediate steps, forcible or diplomatic, to prevent shipment of oxide as promised to us.

[13739]

No. 160.

Sir Edward Grey to Mr. Marling.

(No. 108.)

(Telegraphic.) P.

HORMUZ oxide.

Foreign Office, April 21, 1910.

Please discover if you can whether Strick has shipped any oxide from Hormuz and why the Moin's concession was cancelled, but do not address any enquiry to Persian Government on the subject.

[13607]

No. 161.

Sir Edward Grey to Sir A. Nicolson.

(No. 186.)

(Telegraphic.) P.

PERSIAN loans.

Foreign Office, April 21, 1910.

His Majesty's Government will take note of Russian Government's reservation as to the repayment of their loan (mentioned in your telegram No. 131 of yesterday's date), and will inform any syndicate to whom they have to give their support, and whose financial soundness is above suspicion.

[12253]

No. 162.

Foreign Office to Treasury.

Sir,

Foreign Office, April 21, 1910.

WITH reference to my letter of the 4th ultimo regarding the loan to the Persian Government of 1903-1904, and the adjustment between the Imperial and Indian Exchequers of the liabilities incurred in connection with it, I am directed by the Secretary of State for Foreign Affairs to transmit to you, for submission to the Lords Commissioners of His Majesty's Treasury, copy of a further letter on the subject from the India Office,* and to express Sir Edward Grey's hope that their Lordships may now be able to proceed with the necessary adjustment.

I am to add that the proposed further Anglo-Russian joint advance to the Persian Government, adverted to in my letter of the 19th February last, is indefinitely suspended.

I have, &c.

LOUIS MALLET.

[13742]

No. 163.

Mr. Ellinger to Foreign Office.—(Received April 22.)

Sir,

28, Oxford Street, Manchester, April 21, 1910.

I AM in receipt of your letter of the 18th April, in which you inform me that Sir Edward Grey is unable to take forcible action to stop the shipment of oxide to which my telegram of the 18th instant had reference. I beg to point out to you that the telegram in question contains no reference to forcible action, and that I heard with regret, at my interview yesterday with Mr. Maxwell and Mr. Norman, that His Majesty's Government had taken no action of any kind whatever to endeavour to prevent violation of the rights of Messrs. Andrew Weir and Co. and ourselves under the contract with the Muin-ut-Tujjar. I shall be obliged if you will kindly reconsider this question, with a view to requesting Mr. Marling to do all he possibly can to prevent shipments or sale of oxide, or other breaches of the contract.

I am to-day without further news from the Muin-ut-Tujjar, but hope to hear to-morrow from you the result of your yesterday's cable to Mr. Marling.

I am, &c.

M. ELLINGER.

[13743]

No. 164.

Mr. Ellinger to Foreign Office.—(Received April 22.)

Dear Sir,

28, Oxford Street, Manchester, April 21, 1910.

SINCE writing you to-day my firm have received from the Mountadjar a cable, the contents of which we immediately transmitted to you. It is evident that there is still time to prevent the loading of the "Pondo," and we hope that His Majesty's Government will really do all that is in their power to achieve this.

After receipt of the information which we asked you to obtain from Mr. Marling we shall consider the possibility of an arrangement based on the security of the Parliament's signature, and shall consult you as to what value this has.

I am, &c.

M. ELLINGER.

[13788]

No. 165.

Imperial Bank of Persia to Foreign Office.—(Received April 22.)

Sir,

25 Abchurch Lane, London, April 21, 1910.

I HAVE the honour to acknowledge receipt of your letter of the 20th instant, enclosing a letter from the India Office, dated the 11th instant, to the Foreign Office, in which they state that the Imperial Bank of Persia, and not the British Government, have a prior lien on the Gulf Ports customs in respect of such portion of the bank's debt—i.e., 12,549,422 krs.—as was contracted by the Persian Government on the same security at a date prior to the advance in 1903-4 of sums amounting to 290,000L on behalf of the Imperial and Indian Government. This statement is in accordance with the facts of the case, and we fully accept the India Office statement, that their lien on the Gulf customs is prior to the remainder of the sums subsequent to 1903-4 advanced by the bank to the Persian Government, viz., 22,450,578 krs.—the total debt now due to the bank being approximately 35,000,000 krs.

We enclose the draft of a telegram we propose sending to Tehran to-day,* which we hope you will approve of, as the directors are of opinion that the matter is urgent, and should be concluded without further delay.

I have, &c.

G. NEWELL, Manager.

[13926]

No. 166.

Imperial Bank of Persia, London, to Imperial Bank of Persia, Tehran.—(Communicated by Sir J. Mackenzie, April 22.)

(Telegraphic.)

April 22, 1910.

YOUR telegram 16th April.

Bank are disposed to consent, but British Government consider that the surplus of the southern customs alone, without the telegraphs and fisheries, is insufficient to meet the obligation for the aggregate amount of the loans to the bank and to Government.

We would recommend that the Persian Government should leave the security as at present existing undisturbed, we would endeavour to get a modification providing that while interest on both loans shall be paid monthly, the instalments for repayment of capital of Government loan shall be postponed for three years, and we would be willing after the bank's loan has been reduced to concession limit to allow repayment of that amount to stand over. Interest on total loan from bank to be 7 per cent., and Government loan 5 per cent., as previously offered.

* Delayed for the present.

[13847]

No. 167.

Mr. Marling to Sir Edward Grey.—(Received April 22.)

(No. 186.)

(Telegraphic.) P.

Tehran, April 22, 1910.

IN continuation of Sir G. Barclay's telegram No. 176 of the 19th April, relative to the attack on Mr. Bill, I have the honour to report that His Majesty's consular officers at Bushire, Ispahan, and Shiraz, whom I have consulted, agree that no measure we can take will ensure absolutely against repetition of such cases, short of occupation of the roads.

I do not believe that Persian Government are in a position to take effective action to restore security on trade routes, except by investing Soulet-ed-Dowleh with wide powers, a course which Sardar Assad's animosity towards Kashgai Chieftain renders most unlikely. This second outrage on a European official makes it, in any case, imperative for us to take some overt action, and I would recommend suggestion put forward by His Majesty's consul-general at Bushire that a squadron of cavalry under British officers should be maintained at Shiraz, or divided equally between Shiraz and Ispahan. Colonel Cox thinks that such a measure would suffice to afford reasonable protection to our officials.

Further, in order to stimulate Persian Government, I suggest that I should be authorised to state that His Majesty's Government will be obliged to consider whether they must not themselves undertake the task of restoring order on the roads if security is not established within six weeks.

With regard to compensation, I would recall that Russian Government entered a claim for 10,000 taels for the two Cossacks killed in the outrage on M. Passek. I do not think we can demand a less amount in this instance.

[13843]

No. 168.

Sir A. Nicolson to Sir Edward Grey.—(Received April 22.)

(No. 132.)

(Telegraphic.) P.

St. Petersburg, April 22, 1910.

INTERNATIONAL syndicate and Persian loan.

Your telegram No. 186 of the 21st April.

I understood that the view expressed by the Minister of Finance to M. Sazonow was a personal one. I presume that the question raised by the international syndicate will have to be discussed by the Persian committee here before the Russian Government definitely decide what attitude they will adopt towards it.

I would venture therefore to submit that His Majesty's Government should not make any statement to any syndicate as to the views of the Russian Government until the nature of those views has been communicated to me officially. The Russian Government, I think, would expect His Majesty's Government to consult with them before promising finally to support any syndicate proposing to deal with the loans contracted or debts owing by the Persian Government.

[13843]

No. 169.

Sir Edward Grey to Sir A. Nicolson.

(No. 187. Confidential.)

(Telegraphic.) P.

Foreign Office, April 22, 1910.

INTERNATIONAL Oriental Syndicate and question of advance to Persian Government.

With reference to your telegram No. 132 of to-day's date, you may explain privately to M. Isvolsky, when an opportunity occurs, our position with regard to this question—namely, that it would be very difficult, if not impossible, for His Majesty's Government to discourage a strong syndicate, if one came forward, in view of the reports which reach us of foreign offers to assist Persian Government. To discourage them would, moreover, be a most short-sighted policy. Such a syndicate could have no concern with the Russian or British Government loans, and it would seem ridiculous to prevent Russian or British groups from lending money on the security of jewels, &c., while allowing foreign syndicates to do so.

British Government loans cannot be redeemed till 1924, and question of redemption of Russian loans is dealt with in my telegram No. 186 of the 21st April. His Majesty's Government would be most careful what syndicate they supported. There does not seem to be much to recommend the International Oriental Syndicate.

[13743]

No. 170.

Sir Edward Grey to Mr. Marling.

(No. 109.)

(Telegraphic.) P.

Foreign Office, April 22, 1910.

INFORMATION has reached us that steam-ship "Pondo" is loading oxide at Hormuz. You should make it clear to Persian Government that we shall hold them answerable for any loss to Weir which may be brought about by this violation of his rights.

[13728]

No. 171.

Sir Edward Grey to Mr. Marling.

(No. 110.)

(Telegraphic.) P.

Foreign Office, April 22, 1910.

ADVANCE to Persia.

See your telegram No. 185 of the 21st instant. A foreign conversion loan is out of the question, because (see enclosure in Sir A. Hardinge's despatch No. 165 of 1904) until 1924 our advance cannot be repaid without our consent.

We have informed the bank that we will recommend Treasury to consent to postponement of repayment of capital for three years on condition that interest is paid monthly, but that we agree to surrender of lien on fisheries, post, and telegraphs. Bank hope to obtain acceptance of this arrangement.

[12119]

No. 172.

Foreign Office to India Office.

Sir,

Foreign Office, April 22, 1910.

I AM directed by Secretary Sir Edward Grey to inform you that on the receipt of your letter of the 9th February relative to the persecution of Ismailis in North-Eastern Persia, he addressed a despatch to His Majesty's Minister at Tehran approving the action already taken by him in the matter, and instructing him to take an early opportunity of impressing on the Persian Government the great importance attached by His Majesty's Government to the exemplary punishment by the authors of these outrages.

I am to transmit to you herewith copy of a further despatch from Sir G. Barclay,* reporting that though he has carried out these instructions he has been unable to obtain full satisfaction for his demands, and suggesting that, in view of the weakness of the Persian Government, he should nevertheless refrain from pressing them further on the subject, unless the Ismailis of the Nishapur district are again molested.

I am to state that, in view of the consideration advanced by Sir G. Barclay, Sir E. Grey is disposed, with Lord Morley's concurrence, to inform him that his suggestion to abstain from further representations on the subject is approved.

I am, &c.

LOUIS MALLET.

[13347]

No. 173.

Foreign Office to Director of Military Operations.

(Confidential.)

THE Under-Secretary of State for Foreign Affairs presents his compliments to the Director of Military Operations, and is directed by Secretary Sir Edward Grey to

* Sir G. Barclay, No. 39, March 18, 1910.

acknowledge the receipt of his letter of the 18th instant, relative to the further application of Lieutenant J. Woolf, of the City of London Yeomanry, for leave of absence with permission to travel in Persia.

Sir C. Hardinge is to state, in reply to Major-General Ewart's enquiry, that Sir E. Grey does not consider that there is justification for refusing Mr. Woolf's application.

Foreign Office, April 22, 1910.

[13743]

No. 174.

Foreign Office to Mr. M. Ellinger.

Sir,

Foreign Office, April 22, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your telegram and two letters of the 21st instant regarding the question of the red oxide mines on Hormuz Island.

I am to inform you in reply that on receipt of the communications referred to Sir E. Grey addressed a telegram to His Majesty's chargé d'affaires at Tehran, instructing him to point out to the Persian Government that the proposed shipment of oxide on board the steam-ship "Pondo" constitutes a violation of the rights enjoyed by Messrs. Andrew Weir and Co. under their contract with Moin-ut-Tujjar, and to inform them that His Majesty's Government must hold them responsible for the injury to British interests caused by their action.

I am to express, in addition, Sir E. Grey's surprise at the statement contained in one of your letters, "that His Majesty's Government have taken no action of any kind whatever" to prevent the violation of Messrs. Weir's rights, an assertion which is entirely inaccurate, as is shown both by previous correspondence and by the information conveyed to you on the occasion of your last visit to this Office.

I am, &c.

LOUIS MALLET.

[13739]

No. 175.

Foreign Office to Mr. M. Ellinger.

Sir,

Foreign Office, April 22, 1910.

WITH reference to the visits paid by you to this Office in connection with the cancellation by the Persian Government of Muin-ut-Tojar's concession for the working of red oxide mines in the Persian Gulf, I am directed by Secretary Sir E. Grey to inform you that on the 21st instant he addressed a telegram to His Majesty's chargé d'affaires at Tehran, instructing him to ascertain the reasons of the cancellation, and whether any of the mineral has yet been shipped from Hormuz on behalf of Messrs. Strick.

I am at the same time to enquire how much more oxide Messrs. Weir have the right, under their contract with the Muin, to ship from the island during the remainder of the two years for which that instrument remains in force.

I am, &c.

LOUIS MALLET.

[13491]

No. 176.

Foreign Office to Anglo-Persian Oil Company.

Sir,

Foreign Office, April 22, 1910.

WITH reference to my letter of the 13th instant, relative to the acquisition by your company from certain Bakhtiari khans of land required for their pipe-line and works, I am directed by Secretary Sir Edward Grey to inform you that His Majesty's Minister

[1722]

Y

at Tehran reports in a further telegram, dated the 19th instant, that the khans wish the 5,000*l.* agreed on to be paid at Tehran, if that sum has not already been paid in the south.

I am, &c.
LOUIS MALLET.

[13983]

No. 177.

Mr. Marling to Sir Edward Grey.—(Received April 23.)

(No. 187.)

(Telegraphic.) P.

Tehran, April 23, 1910.

IN continuation of my telegram No. 184 of the 21st April, Moin's oxide concession was not, it appears, cancelled in 1324, but lapsed, and original concession was not extended by alleged firman of concession of 1322, which related merely to its terms. Above is the decision of the Medjliss Committee on the matter, and when called on to produce any later concession Moin was unable to do so.

Moin therefore entered into a contract that he had no legal power to fulfil, and, in these circumstances, it would appear that Weir's claim would lie against him and not against Persian Government, who are consequently free to contract with Strick for concession of oxide.

I have received above information from an excellent source, but I hope shortly to be able to verify it. I propose, meanwhile, to defer renewing protest on Weir's behalf in accordance with instructions contained in your telegram No. 109 of the 22nd April.

[13984]

No. 178.

Mr. Marling to Sir Edward Grey.—(Received April 23.)

(No. 188.)

(Telegraphic.) *En clair.*

Tehran, April 23, 1910.

SARDAR ASSAD informs me that Yprim has defeated Shahsevars heavily near Ardebil. Russian Minister confirms report.

St. Petersburg informed.

[14057]

No. 179.

Sir G. Lowther to Sir Edward Grey.—(Received April 25.)

(No. 230.)

Sir,

Constantinople, April 14, 1910.

IN obedience to the instructions contained in your telegram, No. 62, of the 5th instant, I have the honour to report that I yesterday called the attention of the Minister for Foreign Affairs to the recent alleged advance of Turkish troops into Persian territory.

I reminded his Excellency of the assurances that were given by him to me on the 25th January, which were to the effect that Nagirde would be evacuated when Persian authority was restored, and I told his Excellency that, according to information which had reached His Majesty's Government, the Turkish troops in what was undoubtedly Persian territory had apparently been latterly materially increased, and that these troops had been pushed forward beyond the points occupied on the above-mentioned date. Further, it would appear that Ottoman authorities were levying taxes, and that on the Urmia road even customs duties were being levied, especially at Jebelkend and Barandouz.

The above were the reports that had reached His Majesty's Government, and I told the Minister that I was instructed to enquire as to the truth of these acts on the part of the military and civil Turkish authorities in order that if they proved to be correct they might be put a stop to, as they were in no way in accordance with the assurances given by the Ottoman Government, and thus avoid the necessity on the part of His Majesty's Government of entering a protest.

My Russian colleague on the same day made a communication to Rifaat Pasha in practically identical terms.

Rifaat Pasha, while stating that all news that had emanated from those districts

always reached the outside world in a very exaggerated form, declared that he knew absolutely nothing of any increase of troops. No orders for such had in his knowledge been given. They had been maintained in their position, as there was no authority in Persia, and in consequence of the aggressiveness of the Kurds they were obliged to protect the population in the disputed districts who appealed to them for protection. His Excellency declared that, while he knew that transit duty of 1 per cent. was levied in certain districts, he had no knowledge of an 11 per cent. duty being levied or of taxes being imposed, and promised to make immediate enquiries. To my Russian colleague, who probably made the communication in a somewhat more categorical form, his Excellency appears to have used much the same language, though on two points he was more definite. While stating that he was convinced that no Turkish troops had been sent into those districts (and this seems to correspond with the information which reaches me from Van and Erzeroum), it was quite possible that points hitherto unoccupied were now garrisoned by Turkish troops, but the total number had undoubtedly not been increased. Rifaat Pasha further seems to have stated to my Russian colleague that the levying of the 11 per cent. on the road from Urmia to Soujboulak would immediately be put a stop to. The intention of the Turkish Government was to levy 11 per cent. on goods passing into the contested districts, but only the 1 per cent. transit duty in Persian territory as temporarily occupied.

I see no hope of inducing the Turkish Government to reduce the number of troops now in Persian territory, though there does not seem to be any evidence that they have been lately increased. The occupation is undoubtedly meant as a precautionary measure against the occupation of the points in question by Russian troops, and it will only be when Russian troops are withdrawn from Tabreez that representations of the nature of those made by my Russian colleague and myself are likely to prove effective, and that Turkish troops may be withdrawn.

I have sent a copy of this despatch to Tehran.

I have, &c.

GERARD LOWTHER.

[14010]

No. 180.

Sir A. Nicolson to Sir Edward Grey.—(Received April 25.)

(No. 192.)

Sir,

St. Petersburg, April 15, 1910.

I HAD the honour of an audience of the Emperor this morning. I informed His Majesty that I had the day before communicated to M. Sazonow some information of an important and interesting character. I then gave His Majesty a summary of the conversation which the German Chancellor had held with Sir E. Goschen both in regard to the Bagdad Railway and to the German interests in Persia. I said that doubtless His Majesty would receive from M. Sazonow the memoranda which I had left with his Excellency on the previous afternoon. The matter could be summed up in a few words. In the first place the German Government were unwilling to accord to Great Britain a preponderant share or interest in the southern section of the Bagdad Railway, unless she was prepared to enter into a political understanding on the lines proposed by Germany last year, and with which His Majesty had been very confidentially made acquainted at the time. Furthermore Germany claimed freedom of action in Persia, though she was willing to raise no objections to Great Britain obtaining concessions in the British sphere in Persia, on condition that Germany should participate in such concessions. Moreover, Germany would raise no difficulties in the way of Russia constructing a line from Tehran to Khanikin, provided that such a line were linked up with the Bagdad-Khanikin branch, of the same gauge and with no obstructive tariffs or rates, so that German goods might have an unimpeded and through transit to North Persia. My Government, I said, while not wishing to place any obstacles in the way of Russia arriving at an arrangement with Germany, were of opinion that the matter should be treated with great caution and firmness; and above all were extremely desirous that Great Britain and Russia should act cordially together, and keep each fully and frankly informed of any steps which either might take in dealing with the questions under consideration with Germany.

His Majesty said that the information which I had given him was of great importance. In the first place he could assure me that he fully realised the importance of the two Governments presenting a firm and united front, and of frankly inter-changing views with each other during the future phases of the question. It was only

by such means that Germany might be induced to modify her present attitude. He was of opinion that Germany had in view, among other aims, a desire to separate the two countries from one another. She had, the Emperor remarked, endeavoured to do so on more than one occasion previously. M. Isvolsky had pointed out to him that the course which Germany had now initiated was similar to that which she had adopted in the Morocco question, when owing to the loyalty of England towards France the result had been that those two countries had been brought even closer together. I interjected the remark that I hoped that a similar result would follow from the present action of Germany. His Majesty replied that it could not be otherwise. He was determined to act in close co-operation with Great Britain in all matters. The Emperor continued that he considered that the proposal of Germany to share in any concession which Great Britain might secure in the British sphere was a very remarkable suggestion. There were perhaps some plausible grounds for her desiring to see possible future Russian lines in North Persia linked up with the Bagdad Railway, but to advance a claim to a participation in concessions in the far-distant British sphere was peculiar. Great Britain and Russia, His Majesty remarked, had incurred great expense, and had undergone great anxieties and responsibilities during all the recent troublous times in Persia. They were limitrophe countries and had both overwhelming interests, political, strategical and economical in Persia. It was quite inadmissible that a distant country with no political and but small commercial interests, and who had necessarily stood aloof during all the crisis, should now claim to be placed on an equality with England and Russia, and to enjoy an equal portion of the fruits of any benefits which might arise from a possible eventual re-establishment of order and tranquillity. He would read the papers which I had left with M. Sazonow with the greatest interest. He remembered well the proposals which the German Government had made last year in regard to a political understanding, and it was significant that such a proposal was again revived as a condition apparently of Great Britain being admitted to any participation at all in the Bagdad Railway. Count Pourtalès, he understood, had recently spoken to M. Sazonow in a conciliatory and amicable manner, and had disclaimed any desire to unduly hamper the action of Russia in North Persia. The general tenour of the language of the German Chancellor to Sir E. Goschen was somewhat different. I remarked that Count Pourtalès was a very amiable diplomatist, but I thought that it was of more importance to take note of what was said at Berlin than of any remarks dropped in incidental conversations by the German Representative here.

I thought it as well to leave the subject which we had been discussing at that point, as I wished that His Majesty should study the memoranda which M. Sazonow would send him this evening. I, therefore, asked His Majesty if he had read the replies which you had given in the House of Commons to various questions which had been put to you recently on Persian affairs. The Emperor said that he had been much gratified with the statements which you had made. They could not be improved upon. He had also read one or two articles in the "Times" of a most satisfactory character. The conversation then turned to other subjects.

I have, &c.

A. NICOLSON.

[14014]

No. 181.

Sir A. Nicolson to Sir Edward Grey.—(Received April 25.)

(No. 200.)
Sir,

DR. DILLON has kindly allowed me to have translations made from the Russian of certain documents, which were left with him, relating to a lease of lands situate near the Karun river, which has been granted by the Nizam-es-Sultaneh to a Russian subject named Abbas Agha Turiverdieff, of Erivan. I have the honour to transmit the translations in question.

I have, &c.

A. NICOLSON.

Enclosure 1 in No. 181.

Explanatory Memorandum.

(Translation.)

THE Province of Khuzistan (the ancient Suziana), situate along the lower course of the River Karun, and its tributaries, the chief of which is the Dizful, has a brilliant future in Persia.

This locality was a flourishing, cultured agricultural region in the very dawn of the history of mankind, uninterruptedly up to the decline of Arab culture under the attack of Mongol invaders.

The locality in general is plain country, and possesses a hot, but dry and healthy, climate.

A forest soil, abundance of water with a southern sun and absence of frosts works wonders. The date palm bears fruit three years after planting, cereals yield two harvests annually, sugar-cane is cultivated, indigo and cotton; the last-named for local industry supplying Persia with the famous coarse "Shushter" fabrics.

The population are peaceful, Arab, and although half-nomadic, are disposed towards agriculture.

Labour is very cheap. Male labour costs from 30 to 35 roubles per annum; female labour from 20 to 25 roubles. By the maintenance of good relation with the sheikhs of tribes it is possible to obtain any quantity of labour.

Communication with the north is rendered difficult by a mountainous province, peopled by brigand tribes of Luristan, but communication with the south is open along the River Karun, which is now navigable as far as Shuster.

The attention of Europeans has long been directed towards this plain, where the conditions are considered especially favourable for the cultivation of cotton. Indeed, cotton—the child of water and sun—cannot withstand—

1. Frost.
2. Excess of moisture.
3. Great elevation.

All the most favourable conditions with a most fertile soil are present in the valley of the Karun.

Upon the authority of persons who have long resided there, locally-grown cotton in Khuzistan gives a yield of 250 poods weight per dessiatine (100 kharvar from a kharvar of ground). Reckoning the amount of pure fibre at 0.2 only, we receive 50 poods of fibre to a dessiatine. The figures quoted cannot be considered as fantastic because in the compilations of Masal (?) and Melik-Sarkisianets (?) there are recorded yields of 120 poods in Andijan, giving 36 poods of fibre, and in Mughan Steppe, 40 poods of fibre to a dessiatine.

Briefly, no doubt is entertained as to the possibility of cultivating cotton in the valley of the Karun on the widest scale. As the local conditions—climate and soil—most closely resembles those obtained in Egypt (even the population and methods of working are similar), the quality of the cotton should not be inferior to that grown in Egypt.

2. Very extensive plots of land along the Karun are in the possession of Nizam-es-Sultaneh, of a very influential family. Nizam-es-Sultaneh, an old man, ex-Governor-General of Tabreez and afterwards First Minister in the constitutional Cabinet, was for long Governor-General in Bushire, and whilst at this post obtained an enormous quantity of land along the Karun, partly as his private property and partly under "possession" rights from the State, this right being known in Persia as "tail." But the "tail" portion of these lands were not assigned to him on a life lease for services rendered (in which case it could be considered as temporary), but in exchange for extensive estates, in the Kavin [?] Kasvin district, taken from him by the State in order to increase the land allotted to the nomad Kurd tribes. Thus, not only the land obtained by him by purchase, but also the "tail" land, is the inalienable property of the heirs of Nizam-es-Sultaneh.

3. Most of the land, both that privately owned and the "tail" owned land, and also the title "Nizam-es-Sultaneh" upon the decease of the old man in 1907, passed to his nephew occupying at the present time the high post of Governor-General of the Kerman Province.

The transference of estate was carried out in accordance with all the regulations of the spiritual law of the "Sharjat" and deeds of purchase.

[1722]

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4. In July 1909 the Russian subject, Abbas-Agha-Tariverdieff, a merchant of Alexandropol succeeded in concluding with Nizam-es-Sultaneh a contract for the lease of his Karun lands for a term of 25 years, with the right of renewal, for an insignificant sum, increasing every five years, namely, for the first five years at a rental of 4,100 tomans per annum; for the second and third periods of five years at an annual rental of 4,600 tomans; an additional 1,000 tomans per annum for the fourth period of five years, and an additional 1,200 tomans per annum for the fifth period of five years, which makes the annual rental for this last period of five years 7,300 tomans.

In addition, the lessee binds himself to expend annually 1,000 tomans on improvements. The contract includes no fines or forfeits for breach of contract by the lessee.

5. The portion leased is situate between the Rivers Dizful and Kerkhah, and is intersected by the tributary Shaur.

Its average width is 20 versts. In length, the portion extends from the village Zavia to the shuster lands of Ali of the Kasirs (?), a minimum of 45 versts, so that its total area is not less than 90,000 dessiatines.

Immediately on this portion are situate the ruins of the famous Suza.

The Arab tribes Ben-Moalla and Hussein-Abad live on this land, and are engaged, amongst other things, in husbandry, and pay the owner up to 6,000 tomans a year. This payment is received by the lessee.

6. The lease is drawn up in accordance with all regulations of the Mussulman law of the "Shariat," and is confirmed by two Muijahids, the "Senior" of the Russian subjects, and an influential editor of a newspaper, and, therefore, is indisputable as regards the "Shariat."

From the point of view of Russian law, Russian subjects have the right to rent land in Persia (by virtue of the Turkmanchi Treaty), and, therefore, it is impossible to anticipate that the Russian authorities will refuse protection or registration of the deed. The latter is, however, attended with considerable expenditure, as the Mission takes 5 per cent. from the amount of the contract, in the present instance from 136,000 tomans.

7. It must be mentioned that the lessee, M. Tariverdieff, has much influence in the party of Nationalists who are at present masters of the situation in Persia. He is an intimate friend of the leader Tagizadeh, and his brother, an electrician, is a national hero, who organised the whole struggle, and to whom the country is under an obligation for all its success. This Tariverdieff is a member of the Dictator Committee of six, administering the country, and he has a deciding voice. It is mainly owing to the success of his friends that Abbas-Agha-Tariverdieff has managed to conclude such an exceptional contract.

8. M. Tariverdieff proposes to place the whole business on the widest basis, having organised a company, and considers success assured.

As he has no great means at his disposal, he would not have gone to considerable expense in concluding this contract and paid his rent in advance did he not feel so assured.

He gained his knowledge of cotton growing and the cotton trade in the Government of Erivan.

Further chances of success in his favour are his excellent knowledge of the people and conditions existent in Persia and the large influence which he possesses there.

9. However, from motives of prudence, M. Tariverdieff proposes to feel his way at first, so as to obtain a clear idea and precise appreciation of all local factors. He intends to visit the place personally at once, and has equipped a small expedition in Tehran, amongst whom it is proposed to include the engineer Platonoff, who has long worked in Persia; a Persian doctor, who has long resided in Khuzistan as the family surgeon and secretary of Nizam-es-Sultaneh, and also acquainted for this reason with the locality; specialists in cotton cultivation, &c.

Then having repaired the irrigation canals, on which he will expend, according to persons informed, not more than 3,000 tomans, he will cultivate a trial area of 500 to 1,000 dessiatines of cotton, having obtained seed and assistants from Egypt.

10. For this necessary experiment not more than 50,000 to 60,000 roubles are required, and the most moderate harvest on the trial plantation will ensure a return of the capital expended.

11. It must be borne in mind that the undertaking which has been organised must meet with the support of the Loan and Discount Bank of Persia.

The nearest port, not surrendered to the English, who have the right of control only

over the customs of the Gulf and the province of Faristan, is Mohammerah (300 to 350 versts). Therefore the receipts of the Persian customs at Mohammerah must be paid into the Loan and Discount Bank of Persia, which so far has not had these monies at its disposal, only through the absence of agents and business at Mohammerah.

If a company is formed on the Karun for the cultivation and export of cotton, the bank will naturally give it the agency and empower it to receive the customs dues at Mohammerah, as it has empowered its agent, Rosenblume, to receive the customs dues in Manzaubran. I imagine that the customs dues at Mohammerah will give from 200,000 to 250,000 tomans of current silver money, and this the company will be guaranteed in part by local bills of exchange.

12. It seems to me that once cotton dealers freely grant advances on expected yields of cotton, energetic and enlightened persons will be found able to finance an undertaking of the above-mentioned modest proportions, having ninety-nine chances of success and promising limitless development.

Enclosure 2 in No. 181.

Copy of Terms of Lease.

(Translation.)

THIS is a true contract in accordance with the "shariat" by which his Excellency Agha-Riza-Kuli Khan, Nizam-es-Sultaneh, has given in lease to Abbas-Agha-Tariverdieff, of Erivan—the estate situated in the Shush district, known under the name of Hussein-Abadin, in the province of Dizful, having an extent of 6 dangs and 1 dang of the 6 full dangs, known under the name of Ibn-Moalla, contiguous to the above-mentioned Hussein-Abadin; and the boundaries of these lands in the year 1327, Hegira, are as follows:—

1. On the north by the village Ali-ibn-ul-Husein and the village Zavia along that frontier, where there is high ground.
2. On the south by the lands known under the name of Ali-Kasireh-Shushter.
3. On the east by the channel of the River Dizful.
4. On the west by Daniel-ibn-Moalla and the River Karkha below Daniel.

This estate is leased from the commencement of the month Sumbuli for twenty-five full (solar) years, so that the lessee shall enjoy twenty-five harvests; in return for which he must pay 136,000 tomans of Persian silver, counting each toman as five pieces of 2 krams. The rent during the period specified shall be paid in five periods as follows:—

1. During the first five years, 20,500 tomans, that is, 4,100 tomans annually, from the date the contract is concluded.
2. During the second period of five years, 23,000 tomans, that is, 4,600 tomans annually.
3. During the third period of five years, 25,000 tomans, that is, 5,100 tomans annually.
4. During the fourth period of five years, 30,500 tomans, that is, 6,100 tomans annually.
5. During the last period of five years, 36,500 tomans, that is, 7,300 tomans annually.

The rent agreed upon shall be paid annually, in three instalments (in accordance with the constellations) in the following manner: The first instalment upon the last day of the constellation "Djovz;" the second, on the last day of the constellation "Assad;" and the third instalment on the last day of the constellation "Agrab."

This contract is in duplicate, so that each party may have one copy in his possession. An additional agreement, constituting a separate deed, and consisting of eleven points has been concluded, apart from this contract, on the same date.

The present contract was concluded with our assent the 10th Jemad-es-Sani, year 1327.

RIZA-KULI-NIZAM-ES-SULTANEH.
ABBAS-AGHA-TARIVERDIEFF.

This treaty is genuine and in accordance with the "Shariat."
ALI-BEN-HUSSEIN, of Linkoran.

His Excellency Nizam-es-Sultaneh in my presence declared his assent and signed this contract.

MEDJ-UL-ISLAM.

This contract is drawn up in accordance with what is stated in this document.

GHOIAM-ALI.

I was present.

MOHAMED-IBN-SULEIMAN.

Correct :

The "starshina" of the merchants.

RIZA ZEINALOFF.

MOHAMED-IBN-ISMAIL.

10th Jemad-es-Sani, 1327 year, Hegira.

Enclosure 3 in No. 181.

Additional Agreement between Agha-Riza-Kuli Khan, Nizam-es-Sultaneh, and Abbas Agha Tariverdieff of Erivan.

SHOULD the above-mentioned Abbas Agha fail to pay the stipulated rent due within one month, following the date proper of such payment, the above-mentioned owner of the estate, leasing such estate, shall have the right to annul the contract.

2. The lessee, Abbas Agha, is bound, during the period of the contract (twenty-five years) to expend of his own monies not less than 25,000 tomans, to the repayment of which he shall have no claim, on all improvements which the estate and its appurtenances shall require, such as the construction and repair of bridges, buildings, canals, quarters for peasants, &c. If, upon the expiry of the term of the lease, competent persons, of whom there shall be two, chosen by the owner of the property, and two chosen by the lessee, deem that the improvements which have been made do not amount in value to the sum specified, the lessee is bound to pay the balance in question to the owner of the estate. Should the valuation show that an amount in excess of the sum specified has been expended in improvements, the owner of the estate shall not be compelled to refund the balance in question, which shall remain in its entirety for his advantage.

3. All implements, machinery and other appurtenances necessary for the working of the estate Hussein Abad obtained during the period of the lease, shall become the absolute property of the owner of the estate upon the expiry of the lease, whatever the nature of the machinery and whatever may have been its cost, and the lessee shall have no claims whatever to such.

4. If the above-named Abbas Agha shall wish to transfer the lease of the above-mentioned estate to another person, or to enter into partnership with some other person, he shall himself be responsible that such person shall observe all the conditions of the lease, which shall be binding on the third person.

5. Should the owner of the estate wish to receive payment of the rent previous to the stipulated time, he may receive such, less interest on the amount.

6. If the leaders of the local tribes and the inhabitants of the village of Hussein Abad shall impede the lessee in the working of the land leased, the owner of the estate is bound to take all possible measures in his power to remove these obstacles.

7. If the lessee wishes to construct a metalled road to the neighbouring villages and towns, for instance, to continue the road to Mohammerah or Bend-Hir or Dizful, the owner is bound to afford all his possible co-operation and assistance in obtaining concessions from the Persian Government and the Advisory National Assembly.

Upon the expiry of the twenty-five years' lease, all roads which shall pass through the estate of Hussein Abad, shall pass, with all their advantages, into the perpetual use of the owner of the estate, and the lessee shall cease to have any rights whatever to these roads.

8. If the owner of the estate, upon the expiry of twenty-five years, is desirous of leasing the estate to another person, Abbas Agha shall have the preferential right to lease the estate for a new period on the terms which may be offered by other persons.

9. That portion of the estate situate to the south-west of the River Shakhvar, lying between it and the River Karkheh, is covered with osier beds. If the lessee shall

deem it necessary to cultivate these beds, subsequently using them as necessity arises for the needs of the estate, he shall have this right, but he may not destroy these beds. Upon the expiry of 25 years, all trees, old and newly planted, shall remain the absolute property of the owner of the estate and beds.

10. If the owner of the estate, previous to the expiry of the twenty-five years' term of lease, shall sell the estate to another person, the contract in question shall be indisputably obligatory for the new owner on the present conditions, and he shall not have the right to annul the contract previous to the expiry of the twenty-five years' term of the lease.

11. If the lessee finds it necessary to construct a dam on the Rivers Karkheh and Shakhvar, the owner of the estate must afford him every assistance towards obtaining the permission of the Government and the National Advisory Assembly for the construction of the dam.

[Footnote to point 2:—

Within the limits of this estate are two well-built forts: one is named Nizami-Abad, adjoining the Shush hills, and the other, at the end of the estate, Hussein Abad and the village Dizful, is called Sardar-Abad, both belonging to the owner of the estate.

The lessee of the estate is bound to maintain them in complete order, and to pay all expenses necessary for such maintenance himself, and upon the expiry of the lease to hand them over in full repair to the owner of the estate. The money expended on this account shall be included in the sum of 25,000 tomans, destined for all expenses in connection with the estate.]

[The signatures which follow, and the date of such signatures, are identical with the signatures and date attached to the lease.]

[13993]

No. 182.

Sir E. Goschen to Sir Edward Grey.—(Received April 25.)

(No. 113.)

Sir,

Berlin, April 21, 1910.

DURING the last week German newspapers have devoted a good deal of attention to Persian questions, and more especially to those of the recent Anglo-Russian loan negotiations, and of the future of railway construction in Persia.

The "Vossische Zeitung" dwells at length on the unacceptability of the Anglo-Russian conditions, and thinks that they involve a complete sacrifice of Persia's independence. It especially criticises a condition which would preclude Persia from granting railway concessions to third Powers within the English and Russian spheres. It says that there is a strong resemblance between the case of Persia and that of Morocco, and thinks that what happened in the latter case should serve as a warning for the future. It adds that Persia is struggling hard to prevent the introduction of the rouble and the pound sterling, and seems to think that she is likely to derive more advantage from the appearance on the scene of the German mark.

The "Frankfurter" remarks that the refusal of the Anglo-Russian loan conditions testifies to Persia's determination to emancipate herself from unsolicited protectors. It was, however, doubtful if she were powerful enough to maintain her present attitude. After severely criticising the Anglo-Russian proposals, the article remarks that it is quite clear that England and Russia are much more apprehensive of a railway concession being granted to Germany by Persia than they are on the score of a loan being advanced to that country by the "Deutsche Bank." But Persia's right must be upheld to grant railway concessions to whom she pleased. Alluding to the recent expiry of the Anglo-Persian Railway Agreement of 1900, the "Frankfurter" observes with meaning:—

"Now that Persia's old agreements have expired she would be most unwise to renew them in an unrestricted manner, for it is an undoubted fact that they were of no benefit to her."

The writer finds it difficult to reconcile former English and Russian protestations about respecting the integrity of Persia with the loan conditions now put forward by the two Powers, and thinks that the present moment would be a most opportune one for the issue in London and St. Petersburg of some reassuring declaration on this subject. "Above all," the article concludes, "it is to be hoped that Persia will be left

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absolutely free to grant railway concessions to whom she pleases, whether the applicants be German, Belgian, or French."

The "National-Zeitung" admits that England has a perfect right to take steps to protect her special interests on the Persian Gulf, but accuses her of a dishonest attempt to reserve advantages secured to her by an agreement, which has already expired. It says that Persia now possesses an indisputable right to grant railway concessions to third Powers, but thinks it very doubtful if it would be good policy for the latter to attempt to enter the field, seeing that England and Russia had vital political interests to defend in Persia, which would have to be taken into account in the settlement of purely commercial questions in that country.

I have, &c.

W. E. GOSCHEN.

[14328]

No. 183.

M. Isvolsky to Count Benckendorff.—(Communicated to Foreign Office, April 25, 1910.)

LE gérant du vice-consulat de Russie à Ourmiah télégraphie:—

"Les renseignements du consulat britannique à Van ne me semblent pas exacts, ainsi qu'il résulte de l'occupation des villages situés sur la rive occidentale du lac, au nord et au sud d'Ourmiah; de l'établissement au lac d'une douane officielle; de l'occupation définitive de Souldous; de la perception des impôts dans les localités occupées.

"Le nombre des troupes est incontestablement augmenté de cavalerie, de gendarmerie, et de cavalerie régulière de plus de 1,000 hommes, ce qui n'était pas le cas ni l'année dernière, ni il y a un mois; dans leurs mouvements les troupes continuent à se rapprocher du lac.

"Faute de moyens d'informations, il est impossible d'établir exactement la quantité d'infanterie, qui a dû sans doute augmenter en nombre.

"Il est caractéristique que, ces derniers temps, des troupes d'infanterie et de cavalerie passaient au sud et au sud-est d'Ourmiah à travers la ville même, ce qui n'avait pas eu lieu de tout le temps de la crise."

[14696]

No. 184.

M. Isvolsky to Count Benckendorff.—(Communicated to Foreign Office, April 25, 1910.)

EN réponse à la demande qui lui en a été adressée de Saint-Petersbourg, M. Poklewski expose ses vues sur la situation.

Il lui semble qu'il y a lieu avant tout d'attendre la solution de la crise ministérielle.

Si le nouveau Cabinet se trouve composé d'éléments extrêmes, et si les Puissances n'ont pas lieu de compter qu'il s'abstiendra des pourparlers faisant l'objet de la dernière note conjointe, il serait utile de faire au Gouvernement persan une nouvelle déclaration comme quoi les deux Puissances ne reculeraient devant aucunes mesures pour obliger la Perse à conformer sa politique aux exigences de la dite note conjointe.

Le terrain que nous présente cette note nous est particulièrement avantageux, parce qu'elle sauvegarde complètement nos intérêts quant aux concessions et que l'Allemagne n'y est pas mentionnée.

M. Poklewski fait observer qu'en entreprenant pareille démarche il y aurait lieu d'être prêt à lui donner, le cas échéant, les suites qu'elle comporte—la moindre concession ultérieure ne pouvant manquer de porter pour longtemps atteinte au prestige des deux Puissances en Perse.

Pour ce qui est des mesures coercitives éventuelles auxquelles il y aurait lieu de recourir selon la gravité des circonstances, le Ministre de Russie à Téhéran les énumère comme suit:—

1. Refus des deux légations d'entretenir des relations avec un Cabinet ne leur inspirant pas confiance.

2. Déclaration que nos troupes non seulement n'évacueront pas la Perse, mais que leur contingent serait, au contraire, ramené à leur composition normale.

3. Réclamation du paiement immédiat des dettes du Gouvernement persan, suivie de l'occupation des douanes.

4. Menace de l'envoi de troupes à Téhéran. Au sujet de cette dernière mesure M. Poklewski fait observer qu'elle lui paraît peu désirable et de nature à provoquer des troubles; il croit, cependant, que la menace seule suffirait, et doute qu'il y eût lieu de la mettre à exécution.

En ce qui concerne le rôle du Régent, M. Poklewski ne croit pas que Son Altesse se décide à agir contrairement aux décisions du Medjliss; cependant, une démarche auprès de lui paraît au Ministre de Russie appelée à produire plus d'impression que si elle était faite auprès du Gouvernement.

[14204]

No. 185.

Anglo-Persian Oil Company to Foreign Office.—(Received April 25.)

Winchester House, Old Broad Street,
London, April 23, 1910.

Sir,

I BEG to acknowledge receipt of your letter of the 22nd instant, advising receipt of a telegram from His Majesty's Minister in Tehran, in which he reports that the khans wish the 5,000L. which had been agreed to be paid in respect of land compensation to be handed over in Tehran if not already paid in the south.

In reply, I beg to state that I was advised by our agents at Mohammerah on the 12th instant that they were then, presumably at the request of the representatives of the khans, remitting the money to Ahwaz, and in all probability the money has therefore already been handed over.

But in case this may not be so, I am sending a telegram to our agents informing them of the khans' desire, and if not too late they will doubtless act in conformity therewith.

I have, &c.

C. GREENWAY,
Managing Director.

[14216]

No. 186.

The Imperial Bank of Persia to Foreign Office.—(Received April 25.)

25, Abchurch Lane, London, April 23, 1910.

Sir,

I HAVE the honour to forward herewith, for your information, and to complete the series of telegrams in reference to the conversion and amalgamation of the Persian Government debts, the translations of two telegrams dispatched to the bank at Tehran on the 22nd instant.

I have, &c.

G. NEWELL, Manager.

Enclosure 1 in No. 186.

Imperial Bank of Persia, London, to Imperial Bank of Persia, Tehran.

(Translation.)

(Telegraphic.)

London, April 22, 1910.

YOUR telegram of the 16th April. Bank disposed consent, but British Government consider that surplus of southern customs alone, without telegraphs and fisheries, insufficient to meet obligation for aggregate amount of loans to bank and Government. We would recommend Persian Government should leave security as at present existing undisturbed; we would endeavour get a modification provided that while interest on both loans shall be paid monthly, instalments for repayment capital of Government loan shall be postponed for three years, and we would be willing, after bank's loan has been reduced to concession limit, to allow repayment of that amount to stand over. Interest on total loan from bank to be 7 per cent. and Government loan 5 per cent., as previously offered.

Enclosure 2 in No. 186.

Imperial Bank of Persia, London, to Mr. Sydney Rogers (Tehran).(Translation.)
(Telegraphic.)*London, April 22, 1910.*

FOR your private information. Inform British Minister our telegram of to-day has approval of both Foreign Office and India Office. Important get final agreement signed promptly. Reply.

[14117]

No. 187.

Mr. Marling to Sir Edward Grey.—(Received April 25.)(No. 189.)
(Telegraphic.) P.*Tehran, April 25, 1910.*

FOLLOWING information, which French Minister has received from his Government, was communicated by him to M. Poklewsky and to me yesterday:—

An option for four months for a loan of 8,000,000*l.* has been obtained from Persian Government by M. Maurice Cohen, representing Crédit Lyonnais, Comptoir National d'Escompte, Société Générale, and Banque de Paris et des Pays-Pas; option to run from date of arrival of a Persian commission in Paris, where details are to be arranged. Commission has not yet started, although it was supposed to reach Paris on the 8th May.

Individual in question, who is now in Paris, accompanied the French jewel expert to Persia, and left some fifteen days ago. He had no ostensible business in Tehran.

I am informed by Nusr-ul-Mulk that the ratification of Medjliss is necessary even in the case of an option. In the meanwhile, my Russian colleague and I will endeavour to ascertain text of document.

[14271]

No. 188.

Mr. Marling to Sir Edward Grey.—(Received April 25.)(No. 191.)
(Telegraphic.) P.*Tehran, April 25, 1910.*

CONVERSION of Imperial Bank of Persia's advances.

In accordance with your telegram No. 110 of the 22nd April, I have informed Persian Government that His Majesty's Government cannot surrender the liens on fisheries, posts, and telegraphs. Persian Government request that period for repayment of capital may be extended to five years instead of three, and enquire whether His Majesty's Government will agree.

Manager of Imperial Bank of Persia has informed Persian Government that they must consider as final terms indicated in board's telegram to him of the 22nd April.

[14272]

No. 189.

Mr. Marling to Sir Edward Grey.—(Received April 25.)(No. 192.)
(Telegraphic.) P.*Tehran, April 25, 1910.*

HORMUZ oxide.

Document upon which Persian Government base their statement against Moin has been shown to me, and it seems in order. I am further informed that a note in sense of first sentence of my telegram No. 187 of the 23rd April will be sent to me.

[13983]

No. 190.

Sir Edward Grey to Mr. Marling.

(No. 111.)

(Telegraphic.) P.
HORMUZ oxide.*Foreign Office, April 25, 1910.*

See your telegram No. 187 of the 23rd April. In view of fact that we have informed Ellinger of your telegram No. 308 of the 26th October, 1907, we shall be open to a charge of inconsistency if we now inform him of your telegram of the 23rd April.

Let me know whether responsibility for information given to Abbas Kuli Khan rests in any way on Persian Government.

See our letter of the 18th January, 1908, to Ellinger. You should, I think, put in the renewed protest, because the Persian Government, by their suggestion that Strick should take over their responsibility, have practically admitted that they are responsible. It is a very complicated case.

[12114]

No. 191.

Foreign Office to Persian Transport Company.

Sir,

Foreign Office, April 25, 1910.

WITH reference to my letter of the 17th June, 1908, I am directed by Secretary Sir Edward Grey to transmit to you herewith copies of statements of your Company's accounts with the Bakhtiari khans in connection with the Ahwaz-Isfahan road, brought up to the 3rd March, 1909, and the 3rd March, 1910, respectively.

These accounts have been examined at His Majesty's legation at Tehran, and found correct.

I am to state, in explanation of the delay which has occurred in the presentation of the former of the two accounts, that it was duly forwarded by His Majesty's consul at Ahwaz to His Majesty's legation at Tehran on the 31st December, 1908, but was never received by the latter, having apparently been lost in transit.

I am, &c.

LOUIS MALLET.

[12118]

No. 192.

Foreign Office to Messrs W. A. Crump and Son.

Gentlemen,

Foreign Office, April 25, 1910.

WITH reference to my letter of the 2nd instant, relative to the claim of Messrs. Marco Castilli and Brothers on account of the theft of carpets belonging to them by Rahim Khan, I am directed by Secretary Sir Edward Grey to inform you that he has received a despatch from His Majesty's Minister at Tehran, reporting that the Russian Minister at that capital, at the request of his Italian colleague, recommended that the Russian Government should facilitate the inspection by Mr. J. Castilli of Rahim Khan's plunder, since it is possible that these carpets may be among the 200 which that chief is stated to have carried across the frontier. The Russian Minister has now received from his Government the reply that they will move the authorities of the Caucasus to allow this inspection.

Sir G. Barclay adds that the Persian Government have confiscated Rahim Khan's real property, the amount of which he does not know, but surmises that it is not nearly as valuable as the plunder which has been transported to Russian territory. He has nevertheless taken the opportunity to remind the Persian Government of the British claim on account of the stolen carpets, in which Lloyds' are interested to the extent of 3,500*l.*

I am, &c.

LOUIS MALLET.

[1722]

2 B

[14392]

No. 193.

M. Isvolsky to Count Benckendorff.—(Communicated to Foreign Office, April 26, 1910.)

LE chef de la mission orthodoxe à Ourmiah, l'Archimandrite Serge, dans un télégramme au nom de Sa Majesté l'Impératrice Marie Féodorovna, se plaint des persécutions et des violences dont la population chrétienne de la région est l'objet de la part des musulmans et surtout des Kourdes comme suite des empiétements des Turcs et évidemment sur l'instigation de ces derniers.

En conséquence, et les renseignements sur l'attitude agressive des Turcs à Ourmiah se trouvant confirmés par d'autres sources, nous considérons comme urgente la réalisation de la mesure proposée précédemment.

Au cas où les Turcs se refuseraient à une inspection conjointe de la région située entre le lac et la ligne indiscutable de leur frontière, cette inspection pourrait être faite par les représentants russe et anglais, qu'il y aurait lieu de faire accompagner dans ce cas par une escorte suffisante.

La présence de ces personnes dans les localités occupées par les Turcs non seulement permettrait de se rendre un compte exact de la situation dans le district d'Ourmiah et prouverait aux Turcs que notre attitude vis-à-vis de la question est très sérieuse, mais en outre elle servirait d'intimider les Kourdes et à rendre courage aux chrétiens persécutés.

Veuillez en conférer d'urgence avec le Gouvernement britannique, dont nous espérons sous peu une réponse favorable.

[14352]

No. 194.

Mr. Ellinger to Foreign Office.—(Received April 26.)

Sir, 28, Oxford Street, Manchester, April 25, 1910.

WITH reference to your letter of the 10th, I regret that mine of the 21st instant seems to have conveyed to you a want of appreciation on my part of the services rendered by His Majesty's Government to Messrs. Andrew Weir and Co. and ourselves in connection with the Hormuz business. Whilst frankly acknowledging that His Majesty's Government have taken measures to warn the Persian Government that compensation would have to be paid for the violation of the rights of British subjects consequent on the cancellation of the Moin-ut-Tujjar's concession, I was of opinion, after my interview of the 20th instant with Mr. Maxwell and Mr. Norman, that I had failed in my endeavour to induce His Majesty's Government to take action of any kind which would lead to the prevention of those acts which violated the interests of Messrs. Andrew Weir and Co. and ourselves, and especially the prevention of the loading of the oxide per steam-ship "Pondo." I am relieved to see from your favour under reply that, upon receipt of my letter of the 21st instant, Sir Edward Grey telegraphed to His Majesty's chargé d'affaires at Tehran, instructing him to point out to the Persian Government that the proposed shipment of oxide on board steam-ship "Pondo" constitutes a violation of the rights enjoyed by Messrs. Andrew Weir and Co. under their contract with the Moin-ut-Tujjar, and to inform them that His Majesty's Government must hold them responsible for the injury to British interests caused by their action, but I am disappointed that Sir Edward Grey has not thought it advisable to instruct His Majesty's chargé d'affaires at Tehran to take all steps that he possibly can to procure the postponement and ultimate prevention of the proposed loading per steam-ship "Pondo." It appears to me, and this is what I desired to point out by my letter of the 21st instant, that His Majesty's Government, whilst taking all possible steps to warn the Persian Government that damages would have to be paid for the violation of the rights of the concerned, does not appear, as far as I can judge from my interviews and from the correspondence, to have taken any action to prevent the violation of these rights.

I have, &c.
M. ELLINGER.

[14351]

No. 195.

Mr. Ellinger to Foreign Office.—(Received April 26.)

Sir, 28, Oxford Street, Manchester, April 25, 1910.

I AM in receipt of yours of the 22nd instant, and note that on the 21st instant a telegram was dispatched to His Majesty's chargé d'affaires at Tehran, instructing him to ascertain the reasons for the cancellation of the Moin-ut-Tujjar's concession, and whether any of the mineral has yet been shipped from Hormuz on behalf of Messrs. F. C. Strick and Co.

I shall take the opportunity of calling upon you to-morrow, Tuesday, the 26th instant, at 3 o'clock, when I hope you will be in receipt of Mr. Marling's reply, and I will then furnish you with particulars of the quantity of oxide Messrs. Andrew Weir and Co. have the right, under their contract with the Moin-ut-Tujjar, to ship from the island during the remainder of the two years for which that instrument remains in force. If the hour of 3 o'clock mentioned by me is inconvenient, I shall be obliged if you will appoint another hour when I shall call at the Foreign Office to-morrow.

I have, &c.

M. ELLINGER.

[13847]

No. 196.

Sir Edward Grey to Mr. Marling.

(No. 112.)

(Telegraphic.) P.

Foreign Office, April 26, 1910.

DISTURBANCES in Southern Persia.

Please see your telegram No. 186 of the 22nd instant.

It would be difficult for us at this moment, when we are pressing the Russians to withdraw their troops, to send cavalry to Shiraz. You should claim from the Persian Government a compensation of 5,000 tomans each for the murder of the two sowars, and inform them that His Majesty's Government cannot tolerate continued outrages on European officials, adding that we shall expect them to arrange without further delay for the proper policing of the roads, since, after having refused the advance, it is impossible for them to plead lack of funds for this object.

You should insist on the Persian Government giving full powers to Soulet-ed-Dowleh, against whom Sardar Assad disclaims any hostile designs, and whose help would, I gather, be of great value. It would be well, in the meantime, that British consular officers should as far as possible avoid travelling in the interior, and that they should take as large an escort as they can if it becomes necessary for them to do so.

[14204]

No. 197.

Sir Edward Grey to Mr. Marling.

(No. 113.)

(Telegraphic.) P.

Foreign Office, April 26, 1910.

ANGLO-PERSIAN Oil Company's pipe-lines.

See Sir G. Barclay's telegram No. 177 of the 19th instant.

The money has probably already been paid over, as the oil company's agents at Mohammerah reported that they were remitting it to Ahwaz as early as the 12th instant.

The khan's desire is, however, being communicated by the company to their agents for their information.

[13596]

No. 198.

Sir Edward Grey to Count Benckendorff.

HIS Majesty's Secretary of State for Foreign Affairs has had under his consideration the memorandum communicated, on the 19th instant, by the Russian Ambassador suggesting that, in the event of the Turkish Government returning an

unsatisfactory reply to the enquiries made of them with regard to the alleged Turkish encroachments in Persian territory in the direction of Lake Urumiah, the British and Russian Governments should propose to the Sublime Porte that a mission consisting of a Turkish officer and representatives of the Russian and British consulates-general at Tabreez should travel through the entire district situated between the lake and the Turkish frontier to ascertain, with the co-operation of the Persian authorities, the numbers and disposition of the Turkish troops and the nature of the military or civil measures taken by the Turkish authorities in that region.

In reply the Secretary of State for Foreign Affairs has the honour to inform the Russian Ambassador that in the event of the Turkish Government stating that the information received by the two Governments is inaccurate, His Majesty's Government will be prepared to join with the Russian Government in making the proposal made by the Russian Government.

Foreign Office, April 26, 1910.

[14401]

No. 199.

Sir F. Bertie to Sir Edward Grey.—(Received April 27.)

(No. 171.)

Sir,

Paris, April 25, 1910.

WITH reference to my despatch No. 137 of the 29th ultimo, I have the honour to transmit to you herewith copy of a further letter from Prince Bahram in regard to the question of the protection of his father, the Zil-es-Sultan.

I should be glad to be informed what reply I should return to Prince Bahram's communication.

I have, &c.

FRANCIS BERTIE.

Enclosure in No. 199.

Prince Bahram to Mr. Phipps.

My dear Mr. Phipps,

Nice, April 22, 1910.

SINCE I have left Paris I have no more news from you, and I am sure you haven't received any reply, so you didn't write to me. My father asks me to write to you, to tell to his Excellency the Ambassador that of course you know how things are going on in Persia: they are killing the Indian sowars, attacking the British consul, pillaging the bank office in Ispahan; so you see how one can go on without a European protection. Now he wants you, if possible, to remember at the Foreign Office, and ask a reply, and also, if they won't give us a protection, to let us know *franchement*.

Hoping to receive from you news, believe me, &c.

BAHRAM.

[14460]

No. 200.

Anglo-Persian Oil Company to Foreign Office.—(Received April 27.)

Winchester House, Old Broad Street,

London, April 26, 1910.

Sir,

WITH reference to my letter of the 23rd instant, I beg to advise receipt of a telegram from our agents at Mohammerah stating that they fear it will be impracticable to carry out the request of the Bakhtiari khans to have the 5,000*l.* paid over in Tehran, as a cheque for the amount was handed to the khans' representatives on the 9th instant.

From the wording of the telegram I conclude that the company's agents are making enquiries as to whether or not the cheque has already been cashed, and, if not, that they will try to secure its return in order to comply with the khans' request for payment in Tehran.

I have, &c.

C. GREENWAY,

Managing Director.

[14429]

No. 199*.

India Office to Foreign Office.—(Received April 27.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram from the Viceroy, dated the 25th April, relative to the additional guards at Bunder Abbas Consulate.

India Office, April 26, 1910.

Enclosure in No. 199*.

Government of India to Viscount Morley.

(Telegraphic.) P.

April 25, 1910.

PLEASE see your telegram of the 11th instant as to Bunder Abbas guard.

Cost of additional guard approximately 150 rupees per mensem extra. About 620 rupees extra for transport charges by land and sea.

[14465]

No. 201.

The Imperial Bank of Persia to Foreign Office.—(Received April 27.)

Sir,

25, Abchurch Lane, London, April 26, 1910.

IN continuation of my letter of the 23rd instant I have the honour to enclose, for your information, the translation of a telegram received by us last evening from our chief office in Tehran in regard to the conversion and amalgamation of the Persian Government debts.

I have, &c.
G. NEWELL, Manager.

Enclosure in No. 201.

Imperial Bank of Persia, Tehran, to Imperial Bank of Persia, London.

(Translation.)
(Telegraphic.)

Tehran, April 25, 1910.

REFERRING to your telegram of the 22nd April. Verbal acceptance obtained to-day, in presence of British Minister, for repayment both debts fifteen years' full security. Hope to sign contract in the course of a few days. Modifications suggested by you to be arranged by exchange of letters later.

[14485]

No. 202.

Mr. Marling to Sir Edward Grey.—(Received April 27.)

(No. 193.)

(Telegraphic.) P.

Tehran, April 27,

HORMUZ oxide.

In answer to your telegram No. 111 of the 25th April, Persian Government were in no way responsible for statement. Information was derived solely from Moin, who, realising probably that an examination of his documents would reveal flaw in his tenure, has always refused to show them, with the exception of the firman of 1904 (see enclosure in Sir G. Barclay's No. 317 of 1908), and even this he was, in 1907, very reluctant to produce.

Persian Government, I think, suggested to Strick, merely as a matter of precaution, that he should assume responsibility towards Weir.

In accordance with your instructions I am renewing protest on behalf of Weir.

[14493]

No. 203.

Sir A. Nicolson to Sir Edward Grey.—(Received April 27.)

(No. 135.)

(Telegraphic.) P.

St. Petersburg, April 27, 1910.

PERSIA.

Please see Mr. Marling's telegram No. 189 of the 25th instant on the subject of a possible French loan to Persia.

Acting Minister for Foreign Affairs asked me to-day whether the International Syndicate were participating in any way in the above project, and said that he would be glad to know the views of His Majesty's Government on the subject. M. Sazonoff did not appear to think that there was any likelihood of the scheme coming to anything in the present circumstances.

[13669]

No. 204.

Foreign Office to Lieutenant-Colonel Beddoes.

Sir, *Foreign Office, April 27, 1910.*
I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 20th instant, relative to a proposal to make to the Persian Government a loan of a considerable sum of money.

In reply to your enquiry whether such a scheme would be in any way objectionable or inimical to the interests of His Majesty's Government, I am to state that Sir E. Grey is unable to answer so general a question, and that before doing so he would in any case have to be satisfied that any enterprise of the sort was purely British, and that the syndicate undertaking a loan was financially sound.

[14545]

No. 205.

Anglo-Persian Oil Company to Foreign Office.—(Received April 28.)

Sir, *Winchester House, Old Broad Street, London, April 27, 1910.*
WITH reference to your letter of the 21st July last and to the request contained therein that secrecy should be maintained as to the execution and details of the agreement which was made by this company with the Sheikh of Mohammerah, I have to advise you that the Persian commissioner, Sadigh-es-Sultaneh, has for some months past been pressing for a copy of this agreement, and if there are no political objections I should now like to comply with his request.

Since the crisis at Tehran, which was the sheikh's then reason for secrecy, has long since ended, I presume there is no further need for withholding information as to the contents of the agreement.

I have, &c.
C. GREENWAY, *Managing Director.*

[14570]

No. 206.

Imperial Bank of Persia to Foreign Office.—(Received April 28.)

Sir, *25, Abchurch Lane, London, April 27, 1910.*
WITH reference to my letter of yesterday, we have to-day received a further telegram from Tehran, a copy of which I enclose, together with a copy of our reply.

I have, &c.
G. NEWELL, *Manager.*

Enclosure 1 in No. 206.

Imperial Bank of Persia, Tehran, to Imperial Bank of Persia, London.

(Translation.)
(Telegraphic.)

April 27, 1910.

THIRD clause in agreement for amalgamation will read:—

"As security for debt and as guarantee for payment of the yearly instalment of krans agreed upon, the full net customs receipts of Persian Gulf ports, including Bushire, Bunder Abbas, Lingah, Mohammerah, and Ahwaz, are hereby made payable to Imperial Bank of Persia, and Persian Government bind themselves by the terms of this agreement to pay exclusively to Imperial Bank of Persia all such customs receipts, with no deduction save that of actual expenses of administration of customs of above-named ports, for a period of fifteen years or until such time as the debt shall be totally extinguished."

It has been approved by British Minister. Do you approve?

Enclosure 2 in No. 206.

Imperial Bank of Persia, London, to Imperial Bank of Persia, Tehran

(Translation.)
(Telegraphic.)

April 27, 1910.

IN reply to your telegram of to-day, we approve. Telegraph us when signature and seal affixed.

[14599]

No. 207.

Mr. Marling to Sir Edward Grey.—(Received April 28.)

(No. 194.)
(Telegraphic.) P. *Tehran, April 28, 1910.*

SARDAR ASSAD is trying to bring up the question of Sheikh Khazal's right to lease land to the Anglo-Persian Oil Company on Abadan Island, on the ground that the island is State property. In reply, I propose to state that I understand that sheikh's rights are similar to those of Bakhtiaris to land, in respect of which the sum of 5,000*l.* is about to be paid by the company.

No information has yet reached me as to whether this money has been paid over to the Khans at Ahwaz or not.

[14600]

No. 208.

Mr. Marling to Sir Edward Grey.—(Received April 28.)

(No. 195.)
(Telegraphic.) P. *Tehran, April 28, 1910.*

CONVERSION of Imperial Bank of Persia's advances.

Draft agreement has been shown to me by manager, and it seems to me satisfactory. Text of article defining security has been telegraphed to the Board in London, and their sanction has been received.

I give in my immediately succeeding telegram text of additional article, drawn up in consultation with Mr. Rogers, to provide for inclusion of Government loan in the arrangement. Bank have furnished the figure of total debt. They are also calculating amount of annual instalment, and I beg to submit that for the purpose of control you should have similar calculations made in London.

I should be glad to hear whether His Majesty's Government consider that suggested text will sufficiently provide against Persian Government being in a position to discharge loan otherwise than by instalments. We could provide in a separate arrangement for suspension of payment on capital account.

Bank are being pressed by Persian Government to conclude the agreement without delay.

[14610]

No. 209.

Mr. Marling to Sir Edward Grey.—(Received April 28.)

(No. 196.)
(Telegraphic.) R. *Tehran, April 28, 1910.*

MY immediately preceding telegram [of 28th April: Bank arrangement].

Following is text:—

"And it is further agreed that, as regards the sterling loan of 290,000*l.* of 1903-4, payment of interest and redemption of capital, amounting with arrears on 21st March, 1910, to 314,281*l.* 16*s.* 4*d.*, shall be paid off in fifteen equal annual instalments of 30,278*l.* 12*s.* 7*d.*, and in case the other revenues affected to service of loan by convention of 1st September, 1904, should prove insufficient, the Imperial Bank of Persia is hereby authorised to apply any surplus remaining over from receipts of the customs of the above-mentioned Persian Gulf ports, after payment of said monthly instalments (of krans), to payment of annual instalment of *l.*, this payment being made in equal monthly instalments as provided in article 4 of present agreement. It is clearly understood in all other respects the provisions of the loan convention of 1904 remain in full force."

[14117]

No. 210.

Sir Edward Grey to Mr. Marling.

(No. 114.)

(Telegraphic.) P.

Foreign Office, April 28, 1910.

PROPOSED loan to Persia by French bankers: Your telegram No. 189 of the 25th April.

What is proposed security?

[14599]

No. 211.

Sir Edward Grey to Mr. Marling.

(No. 115.)

(Telegraphic.) P.

Foreign Office, April 28, 1910.

OIL: Your telegram of to-day's date, No. 194.

The sheikh's right to lease the land should be maintained as strongly as possible. I do not know whether the sheikh's rights are exactly the same as those of the Bakhtiari, and so leave the actual wording of the answer to your discretion.

If the cheque for the Bakhtiari, which was paid on the 9th, is not cashed, the company will try to have it returned, so that it may be cashed at Tehran instead.

[14493]

No. 212.

Sir Edward Grey to Sir A. Nicolson.

(No. 195.)

(Telegraphic.) P.

Foreign Office, April 28, 1910.

LOAN to Persia by French bankers: Please see your telegram No. 135 of the 27th April.

To the best of our knowledge, the international syndicate are in no way participating in loan.

I have telegraphed to Mr. Marling to discover what is the security offered.

[14392]

No. 213.

Sir Edward Grey to Sir A. Nicolson.

(No. 197.)

(Telegraphic.) P.

Foreign Office, April 28, 1910.

WE have just heard of Turkish reply to the representations which the Russian and British Ambassadors made on the 13th instant concerning Turco-Persian frontier. Ascertain views of Russian Government on this communication.

[14271]

No. 214.

Foreign Office to Treasury.

(Confidential.)

Sir,

Foreign Office, April 28, 1910.

I AM directed by the Secretary of State for Foreign Affairs to inform you that, during the past month, active negotiations have been carried on between the Persian Government and the Imperial Bank of Persia with a view to bringing about an amalgamation of all the Persian Government's indebtedness to the bank, and it is proposed to include the Anglo-Indian Government loans of 1903 and 1904 in this arrangement. The negotiations of the bank have been carried on in close consultation with this department and with the India Office, and I am directed to transmit to you, for the information of the Lords Commissioners of His Majesty's Treasury, the enclosed copies of correspondence,* from which their Lordships will be able to follow the course of the negotiations.

From these papers it will be seen that, according to the proposed arrangement,

* Not printed.

the customs receipts of all the ports in the Persian Gulf, including specifically those of Mohammerah and Ahwaz, are to be paid in the first place to the Imperial Bank of Persia. The Persian Government's entire indebtedness to the bank is to be amalgamated, and the interest on the whole is to be fixed at the uniform rate of 7 per cent. in currency as from the 21st March, 1910, while that on the Government loans of 1903 and 1904 remains at 5 per cent. sterling, of which 1 per cent. is paid to the Imperial Bank as commission. The interest on the loans is to be paid monthly out of the customs receipts encashed by the bank, and the capital is to be repaid yearly in fifteen instalments. The Imperial Bank of Persia will hand over to the Persian Government the surplus remaining over when these obligations have been met.

From Sir G. Barclay's telegram No. 180 and Mr. Marling's telegram No. 185 of the 20th and 21st instant it will be seen that the Persian Government, in view of the inclusion of the Anglo-Indian advances of 1903 and 1904 in the amalgamation scheme, expected, or, rather, expressed a strong desire, that His Majesty's Government should surrender their lien on the Caspian Sea Fisheries and the revenues of the Posts and Telegraphs, which constitute part of the security of the Government advances of 1903 and 1904. It was considered most undesirable that this lien should be surrendered, and the desire of the Persian Government in this matter has not been acceded to. In order, however, not to imperil the success of the bank's negotiations, and as it was most desirable that the Anglo-Indian advances should be included in the amalgamation scheme, according to which the payments of interest are to be made monthly, it was suggested at a conference of representatives of the India Office, of the bank, and of this department that it might be advisable to offer to the Persian Government to postpone the repayment of the capital of the Government advances. The India Office thought that this would be advantageous, and the bank were authorised to inform their manager at Tehran that Sir E. Grey would recommend the proposal to the Lords Commissioners of the Treasury.

I am directed by Secretary Sir Edward Grey to point out to you that a successful conclusion of the negotiations in the form of an agreement on the lines indicated above cannot but conduce to the advantage both of the Imperial and Indian Governments and of the Imperial Bank of Persia. Not only would the customs receipts of Mohammerah and Ahwaz be explicitly included in the securities pledged by the Persian Government—a point upon which no adequate assurances have hitherto been received from the Persian Government—but also satisfactory provision would be made for the punctual payment of interest and repayment of capital of the Government and bank loans. In the case of the bank, the advantages of a successful conclusion of the negotiation are even greater, there being a prospect, once an agreement is reached, that the Persian Government will give all their banking business to that institution, thus making it virtually a State bank, and that they will make further valuable concessions in the matter of the issue of bank notes. Sir Edward Grey is accordingly of opinion that His Majesty's Government would incur a heavy responsibility if they were to imperil the success of the negotiations now in progress by refusing their assistance, unless such assistance involved sacrifices of a very material nature. No such sacrifices are involved in the proposed arrangement; and, from the political point of view, Sir E. Grey considers that it would be even advantageous that the repayment of the capital of the Government loans should be postponed for three or, if necessary, five years.

It appears from the telegram dated the 25th instant, which has just been communicated by the bank, that the manager is hopeful of concluding an arrangement on these lines, although His Majesty's chargé d'affaires reports that the Persian Government would prefer postponement for five years.

In these circumstances, I am to request that you will submit these considerations to their Lordships without delay, with an expression of Sir Edward Grey's earnest hope that they will be able to sanction that part of the scheme which involves a postponement for three or five years of the repayment of the capital of the Anglo-Indian Government advances of 1903 and 1904.

I am, &c.

LOUIS MALLET.

[14682]

No. 215.

India Office to Foreign Office.—(Received April 29.)

Sir,

India Office, April 28, 1910.

I AM directed by the Secretary of State for India to acknowledge the receipt of your letter, dated 18th instant, on the subject of the assurances to be given to the Sheikh of Mohammerah.

Viscount Morley is of opinion that while it is reasonable and proper—regard being had to the importance of Mohammerah owing to its geographical position—to guarantee the sheikh against any organised Government, whether Persian or foreign, and therefore indirectly against Bakhtiari aggression so far as it may be attempted by Bakhtiari Ministers acting through the Central Government, it is neither necessary nor desirable to give him assurances of protection against the Bakhtiari or any other tribe, although circumstances are conceivable in which it might in fact be expedient so to protect him in order to prevent Mohammerah from falling into the hands of a tribe that might be hostile to British interests or influenced by a hostile Power.

His Lordship therefore agrees with Sir E. Grey that approval should be given to Sir G. Barclay's suggestion that any further extension of this part of the assurances to be given to the sheikh is entirely unnecessary.

I am, &c.

R. RITCHIE.

[14714]

No. 216.

Messrs. Crump and Son to Foreign Office.—(Received April 29.)

*17, Leadenhall Street, London,
April 28, 1910.*

Dear Sir,

MESSRS. NEARCO, CASTELLI AND BROTHERS have heard from Mr. John Castelli that he arrived at Tiflis on the 14th instant, bearing a letter from the Russian Minister at Tehran to the governor, requesting him to allow Mr. Castelli to inspect the carpets taken from Rahim Khan at the Russo-Persian frontier. Mr. Castelli's letter is dated the 19th instant, and he writes that up till that time, notwithstanding repeated endeavours, he had not been able to get inspection of the carpets, and he states that so far as he could judge at the time of writing, he would not be able to obtain inspection.

As the Russian authorities in Tiflis are apparently placing obstacles in the way of Mr. Castelli even inspecting the carpets, it would appear, unless further strong pressure is brought to bear upon them, that it is absolutely hopeless to expect to get delivery of such of the carpets as might belong to our clients.

Mr. Castelli has made a special journey at some expense to Tiflis for the purpose of seeing the carpets, and our clients are much disappointed that the representations which have been made should have had so little effect. Perhaps, under the circumstances, you will consent to again request His Majesty's Minister at St. Petersburg to make fresh representations to the Russian authorities in the matter.

Yours truly,

WILLIAM A. CRUMP AND SON.

[14724]

No. 217.

Mr. Marling to Sir Edward Grey.—(Received April 29.)

(No. 197.)

(Telegraphic.) P.

ATTACK on Bill.

Please refer to your telegram No. 112 of the 26th April.

Sardar Assad is clearly insincere in his protestation of friendliness to Soulet-ed-Dowleh, and I am sure that we should be courting a refusal if we were to demand that Soulet should be entrusted with supervision of roads. Kashgai chieftain is, moreover, now almost in open rebellion, and such a demand on our part would give him great

encouragement if it came to his knowledge. Soulet is even suspected at Shiraz of having been implicated in attack on Bill at Abadeh.

Any reference to Soulet would therefore, I consider, be impolitic, and I suggest that Persian Government should be informed that we shall be obliged to increase escort if order is not restored within reasonable time, say six weeks.

[14738]

No. 218.

Mr. Marling to Sir Edward Grey.—(Received April 29.)

(No. 198.)

(Telegraphic.) P.

Tehran, April 29, 1910.

CABINET crisis. Please refer to my telegram No. 189 of the 25th April.

Minister of Finance gave option to Mr. Maurice Cohen, and Minister of Interior admits that he was cognisant of the negotiations. Sardar Assad has now for all intents and purposes espoused the cause of the extreme Nationalists, and his attitude is altogether unsatisfactory and almost defiant towards the two Powers, in spite of the plausible assurances which he gives. Even the sobering effect produced by forcible representations on the part of the dragomans of two legations was only temporary. His head seems to be quite turned by his belief that he is indispensable. His position is, however, precarious, for such irritation has been raised among the powerful tribes in the south by his arrogant policy as may lead to a collision with Soulet-ed-Dowleh. (Please see my telegram No. 194 of the 28th April.) Situation is complicated, but M. Poklewski and I concur in thinking that, from all points of view, first essential is to obtain a satisfactory answer to our joint note of the 7th April, and though we should prefer that a Cabinet of which both Sardar Assad and Sipahdar formed part should give us this reply, the exclusion of former should not be allowed to interfere with our policy on this point. My Russian colleague and I further believe that a Cabinet headed by the Sipahdar would be ready to give us the assurances we require, and he could count on the support of the moderate majority in the Medjliss.

The risk that the retirement of Sardar Assad may lead to trouble on the part of a section of the Bakhtiari must, of course, be considered, but, on the other hand, civil war in the south may ensue as a result of his continuance in office.

(Confidential.)

A Cabinet with the Sipahdar at its head would be regarded as a defeat of German influence.

No. 219.

Mr. Marling to Sir Edward Grey.—(Received April 29.)

(No. 199.)

(Telegraphic.) P.

Tehran, April 29, 1910.

LAUNCH on Karun.

I learn that the Turkish Ambassador is representing to Persian Government that they made a mistake in granting the Oil Company permission to run a launch on the Karun river. A newspaper, believed to be connected with Turkish Embassy, is also giving publicity to the matter. As the company will have to obtain permission to bring their own barges, Lynch being unable to supply towage barges, and Moin only doing so for three months, this uncalled for action is to be deprecated.

[14725]

No. 220.

Sir Edward Grey to Sir G. Lowther.

(No. 82.)

(Telegraphic.) P.

Foreign Office, April 29, 1910.

ACTION of Turkish Embassy at Tehran with regard to oil company's launch on Upper Karun.

Please see Mr. Marling's telegram No. 199 of to-day's date repeated to you.

The matter is one which concerns only His Majesty's Government and the Persian Government, and I fail to see on what grounds the Turkish Ambassador is interfering. His deliberate interference against our wishes and in a question in which the Turkish

Government have no interest is quite inexplicable. The Persian Government allowed the oil company to put a launch and barges on the Karun River to transport necessary material in connection with the oil fields, at the express request of His Majesty's Government. You should at once call the serious attention of the Minister for Foreign Affairs to the unwarrantable and unfriendly character of the Turkish Ambassador's action, and demand immediate disavowal of the Ambassador's action.

[14885]

No. 221.

Lieutenant-Colonel Beddoes to Sir C. Hardinge.—(Received April 30.)

My dear Sir,

The Red House, Redbourne, Herts, April 29, 1910.

IN accordance with our arrangements made yesterday I have much pleasure in stating that Messrs. Seligman Brothers in making a loan to the Persian Government desire to treat the matter entirely in the nature of a banking operation. They have no desire to enter into politics or to obtain concessions on any account; and whether they make the loan or not will depend upon:—

1. There being no opposition to their doing so from the Foreign Office.
2. Upon the security for the loan being ample.

While Messrs. Seligman Brothers have no desire to complicate matters by direct Foreign Office intervention they would, of course, welcome any assistance that your department may be able to give, and would be, further, prepared and very anxious to keep you fully informed of each step in the negotiations as these progress. It is felt that the position of the Persian Government at the present time is very critical, and that unless financial support is found very quickly, either there will be further trouble in Persia, or else that Government will be driven to take a loan from some continental Power, which would complicate the position. This year a considerable portion of the Russian loan is open for repayment, and we feel that it would be decidedly better to allow this repayment to be made by the aid of an English firm, rather than by a continental house largely dominated by German influence. One of the conditions upon which the loan would probably be contingent would be the appointment by the Persian Government of a gentleman nominated by Messrs. Seligman Brothers whose advice the Persian Government would seriously consider upon all matters.

I beg to enclose the letter from Messrs. Seligman Brothers to myself which I showed you yesterday. In this the time the firm has been established in London has, by mistake, been stated as forty years, it should be "about fifty years." As this matter is of some urgency I propose to call at 3 p.m. on Tuesday, the 3rd May, and shall be greatly obliged if you will make it convenient to see me.

I am, &c.

H. R. BEDDOES.

Enclosure in No. 221.

Messrs. Seligman Brothers to Lieutenant-Colonel Beddoes.

Dear Sir,

18, Austin Friars, London, April 28, 1910.

IN reference to the Foreign Office letter of the 27th, which you have kindly shown us, you are at liberty to inform the department that our firm has been established here for a period of forty years, and that though we were originally an Anglo-American house, we are now entirely distinct both from our American and continental correspondents.

We are, &c.

SELIGMAN BROTHERS.

[14865]

No. 222.

Mr. Marling to Sir Edward Grey.—(Received April 30.)

(No. 200.)

(Telegraphic.) P.

Tehran, April 30, 1910.

FRENCH loan negotiations.

In reply to your telegram No. 114 of the 28th April, revenue of customs and telegraphs was security offered to banks represented by Mr. Maurice Cohen.

[14888]

No. 223.

Mr. Marling to Sir Edward Grey.—(Received April 30.)

(No. 201.)

(Telegraphic.) P.

Tehran, April 30, 1910.

CABINET crisis.

In continuation of my telegram No. 198 of the 29th April there has been a material change in situation, and it seems probable that an ultra-Nationalist Cabinet will be formed immediately, or, at best, that the old Ministry will be restored, but with the important difference that Minister of the Interior is now openly in the Nationalist camp. Except under strong pressure, either of these combinations would refuse to give the written assurances in sense of our joint note of the 7th April.

We are absolutely committed, I submit, by terms of above note to exact a satisfactory reply; otherwise we must be prepared to suffer a serious rebuff with its far-reaching consequences.

My Russian colleague concurs with me in thinking that we must therefore take strong action without delay, as an opportunity for introduction of Germans may meanwhile be afforded. We should be authorised, we suggest, to make a joint representation to the Regent, and to use, if necessary, one or more of the threats referred to in Sir G. Barclay's telegram No. 170 of the 17th April, and that we should use our discretion in choosing the time for doing so.

[14889]

No. 224.

Mr. Marling to Sir Edward Grey.—(Received April 30.)

(No. 202.)

(Telegraphic.) P.

Tehran, April 30, 1910.

CABINET crisis.

In continuation of my telegram No. 201 of to-day's date, it is now practically certain that old Cabinet will be reinstated. This step is direct defiance of the joint Powers, and it is not impossible that Sardar Assad, unless opposed effectively, may, in view of his present attitude, commit Persian Government to conclusion of some loan negotiation which would cause great embarrassment. It has therefore become necessary to exercise pressure on him personally, without delay. In view of the failure of strongest remonstrances, there appears to be no other means than to inform him that he will forfeit friendship of His Majesty's Government by joining this Cabinet, and that we shall allow fact to become public. As Sardar Assad can by no means count on unanimous approval of the Bakhtiari chiefs the real threat lies in publication, but as it might possibly create difficulties for the oil company, &c., in the future, I hesitate to use it before receiving your authorisation. M. Poklewski is pressing me strongly to do so in order to gain time wherein further action may be concerted by the two Governments.

[14890]

No. 225.

Sir A. Nicolson to Sir Edward Grey.—(Received April 30.)

(No. 138.)

(Telegraphic.) P.

St. Petersburg, April 30, 1910.

YOUR telegram No. 197 of the 28th April: Perso-Turkish frontier dispute.

The reply of the Turkish Government has not been received by Russian Ministry of Foreign Affairs. Could you telegraph to me a summary of it for communication to Acting Minister of Foreign Affairs?

[14892]

No. 226.

Sir A. Nicolson to Sir Edward Grey.—(Received April 30.)

(No. 140.)

(Telegraphic.) P.

St. Petersburg, April 30, 1910.

PERSIAN finance. Proposed loan by French banks.

I saw Acting Minister of Foreign Affairs to-day, and his Excellency read me a telegram which he had received from the Russian Ambassador at Paris. The telegram stated that Mr. Cohen had been told that the French Government would refuse their support to any project which might be displeasing in any way to the Russian and British Governments. Moreover, the French Government had stated that any loan to the Persian Government which did not meet with the approval of Russia and Great Britain would be refused quotation on the Paris bourse.

M. de Nelidow in his telegram expressed the opinion that in these circumstances the proposed loan would not be taken up by any French establishment of serious standing.

[14545]

No. 227.

Sir Edward Grey to Mr. Marling.

(No. 117.)

(Telegraphic.) P.

Foreign Office, April 30, 1910.

OIL company's agreement with Sheikh of Mohammerah. See Sir G. Barclay's telegram No. 767 of last year.

Company is being urged by Imperial Commissioner to communicate a copy of the agreement, and are desirous of complying. Would the sheikh now assent? His reasons for objecting seem to have been removed.

[12806]

No. 228.

Foreign Office to India Office.

Sir,

Foreign Office, April 30, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 14th instant, relative to the attitude of the "Habl-ul-Matin" newspaper, of Calcutta, towards His Majesty's and the Russian Governments, and to inform you that he concurs in Viscount Morley's proposal to approve the action which the Government of India suggest taking in order to deal with this matter.

I am, &c.

LOUIS MALLET.

[12062]

No. 229.

Foreign Office to Mr. Joseph Woolf.

Sir,

Foreign Office, April 30, 1910.

WITH reference to the last paragraph of my letter of the 20th instant, relative to a proposed advance of money by your syndicate to the Persian Government, I am directed by Secretary Sir Edward Grey to inform you that His Majesty's Government have no objection to such a scheme in principle, but that they would have to be satisfied that it was purely British in character; that the group undertaking the loan was financially sound; and that no sources of revenue already hypothecated to the service of the British or Russian loans would be assigned as security.

At the same time I am to state that the redemption of the debts owed by the Persian Government to His Majesty's Government could not be the subject of conversion, since the terms of the contract preclude the extinction of the indebtedness before a certain date. His Majesty's Government would, moreover, be precluded from lending their support to any scheme involving the conversion of the Russian debt.

I am to add that you are entirely mistaken in believing that, on the occasion of the visit to this Office of Messrs. Samuel and Levy in connection with this question,

any promise was given to them that no communication on the subject would be made to the Russian Government. The fact that negotiations were proceeding at that moment for a joint British and Russian loan to the Persian Government would have made compliance with such a request, had it been made, impossible.

I am, &c.

LOUIS MALLET.

[14899]

No. 230.

Mr. Marling to Sir Edward Grey.—(Received May 1.)

(No. 203.)

(Telegraphic.) *En clair.**Tehran, May 1, 1910.*

FORMER Cabinet returned, Ministers of Interior and War exchanging offices.

[14900]

No. 231.

Mr. Marling to Sir Edward Grey.—(Received May 1.)

(No. 204.)

(Telegraphic.) P.

Tehran, May 1, 1910.

FRENCH loan negotiations.

In continuation of my telegram No. 200 of the 30th April, I have obtained a copy of the agreement between Persian Government and M. Maurice Cohen, by which information already reported is confirmed. It contains a statement to the effect that Cohen's group undertakes to remove any obstacles which Persia's political or financial conventions with other Powers may raise.

I am forwarding copy by post.

[14901]

No. 232.

Mr. Marling to Sir Edward Grey.—(Received May 1.)

(No. 205.)

(Telegraphic.) P.

Tehran, May 1, 1910.

OIL company.

His Majesty's consul-general at Bushire reports the arrival at Mohammerah of an official of the company, who states that "owing to behaviour of Bakhtiari guard company have had to close down their works almost entirely."

I am addressing a representation on this subject to the Bakhtiari khans in Tehran.

[14902]

No. 233.

Mr. Marling to Sir Edward Grey.—(Received May 1.)

(No. 206.)

(Telegraphic.) P.

Tehran, May 1, 1910.

TURKS and Sheikh of Mohammerah.

His Majesty's consul at Mohammerah has informed Colonel Cox that on the 25th April Zain, a village belonging to Sheikh Khazal, on the Turkish bank of Shat-el-Arab, was shelled and burned by Turkish gun-boat on the pretext that headman, on the ground that he was a Persian subject, had resisted arrest by Turkish soldiers. It appears that headman in question was one of the tribal chiefs who endorsed recent agreement between oil company and sheikh.

Notwithstanding excitement aroused in district, sheikh, who was absent at Ahwaz, instructed his deputy to remain calm and to take no steps.

No further action seems to be contemplated by Turks unless sheikh gives occasion for it; in this case, they might move against his property at Bassorah or against Failia, where he usually resides, and which, although east of locally recognised boundary, is west of line drawn by demarcation commission.

His Majesty's consul-general at Bushire understands that Consul Crow is urging His Majesty's Ambassador at Constantinople that the Turks should be encouraged to take arbitrary measures to settle the matter.

Such a course would make us appear to be supporting the Turks against Mohammerah, and would revive the question of Turco-Persian boundary on the Shat-el-Arab, which has been dormant for so long, and I therefore entirely concur with Colonel Cox in deprecating it very strongly. Question of precise application of assurances given to sheikh by Sir A. Hardinge in 1902 against naval attack might also be involved, and a more inopportune moment for such a discussion than the present could scarcely be found.

I submit that consuls at Mohammerah and Bassorah should endeavour to bring about an amicable solution of the question on the spot.

[14906]

No. 234.

Sir G. Lowther to Sir Edward Grey.—(Received May 1.)

(No. 68.)

(Telegraphic.) P.

Constantinople, May 1, 1910.

REFERRING to Tehran telegram No. 199 and Foreign Office telegram No. 82. Rifaat Pasha, although he has as yet no knowledge of affair, says he will instruct Ottoman representative in Tehran by telegraph at once to refrain from interfering. (Repeat to His Majesty's chargé d'affaires at Tehran.)

[14926]

No. 235.

Sir G. Lowther to Sir Edward Grey.—(Received May 2.)

(No. 258.)

Sir,

Constantinople, April 25, 1910.

I ASKED Rifaat Pasha to-day whether he was now able to give me any replies to the enquiries which I had made of him on the 13th instant, as recorded in my despatch No. 230 of the 14th instant, regarding the increase of Turkish troops on Persian territory, the levying of taxes by Turkish authorities on Persian territory and likewise of customs dues, and I also informed Rifaat Pasha that news had reached His Majesty's Government that transit dues were being demanded by Turkish authorities at Jebelkend on the road from Solduz to Tabreez.

His Excellency adopted a somewhat different attitude from that hitherto taken by him, and, while assuring me that no further troops would be sent forward, he said their distribution must be dependent on the advice of the authorities on the spot. He repudiated any idea of an occupation of Urumia, but declared that several of the places mentioned by me as being indisputably in Persian territory outside the contested zone were regarded by the Ottoman Government as being Turkish, notably Ushnu and Lahijan. But he said categorical orders had been sent to levy no taxes and no duties of any kind until the frontier had been properly delimited.

His Excellency said that not only had a commission sitting at the Sublime Porte established the fact that many of the places recently in the occupation of the Persians were incontestably Turkish territory, but that the Persians were now in occupation in the southern portion of the borderland of places incontestably Turkish.

A Turco-Persian Delimitation Commission was necessary.

I asked his Excellency on what basis they proposed to delimitate, but on this point as well as others his Excellency was very vague; and I observed that a delimitation on a basis of a map recently compiled by Turkish authorities could not be of much value, and that the results of the findings of the Mixed Anglo-Russian Commission would be more to the point.

I am more than ever convinced as a result of my conversation that this Government has no intention of withdrawing its troops from the places now occupied, though it may have none of adding to them or of doing anything in the way of a permanent occupation by the levying of taxes and duties. But whether the Turkish Government have any real intention of proceeding to a delimitation remains to be seen.

I have sent a copy of this despatch to Tehran.

I have, &c.

GERARD LOWTHER.

[14928]

No. 236.

Sir G. Lowther to Sir Edward Grey.—(Received May 2.)

(No. 260.)

Sir,

Constantinople, April 27, 1910.

I HAVE the honour to forward herewith a despatch from His Majesty's acting vice-consul at Van, reporting on affairs of the Turco-Persia frontier.

I have, &c.

GERARD LOWTHER.

Enclosure in No. 236.

Vice-Consul Morgan to Sir G. Lowther.

(No. 8.)

Sir,

Van, April 9, 1910.

WITH regard to my telegram of the 4th April, 1910, I have the honour to report as follows:—

In my despatch No. 5 of the 21st February, 1910, I stated that the mushir of Erzinjan had ordered Fuad Bey, acting commandant at Van, to send soldiers to the frontier. The mushir, in giving this order, was acting on a report of the vali of Van, in which the vali expressed serious fears as regards a possible incursion of the Kurds on the frontier into the Van villayet, and as regards their possible attacks on the frontier troops or on peaceful villages in the frontier zone. Fuad Bey, however, made light of these apprehensions in a report which he was called on to furnish by the mushir, and declared that there was no necessity for any dispatch of troops, and, as a secondary reason, he added that until the season was milder it was inadvisable to send troops to regions where they would be badly lodged and cared for. The mushir, however, still desired Fuad Bey to send troops (four companies, he suggested) to the frontier. Fuad Bey, still persisting that there was no need for any dispatch of troops, the mushir has thrown the responsibility of any incident with the frontier Kurds on him, and Fuad Bey has accepted. Yielding, however, to the wishes of the vali, he did dispatch 100 soldiers (as reported in my despatch No. 5), which, with the 300 mounted gendarmes, make up the total of armed forces sent from Van during the past quarter. He assures me that there has been no increase of Turkish troops in the Urumia district, and that no other forces other than those I have mentioned above have been dispatched from Van or any other place to the frontier or to the Urumia district. All enquiries I have made elsewhere confirm his statement.

As regards the Kurds in the frontier zone of whose action the vali is apprehensive, I am given to understand that many of them are Turkish Kurds who some three years ago followed the Ottoman soldiers into that zone and occupied villages there. Finding now that the frontier zone has become part of the Van villayet, and that they will be called upon, like other Kurds in the villayet, to give up their wrongfully acquired property, they now declare themselves Persian subjects, and say that they will resist any attempt on the part of the Turkish Government to evict them. There may, therefore, be trouble between them and the Turkish troops if the latter are sent to take forcible possession of the lands held by these Kurds, but otherwise I do not think the Kurds will take the initiative in attack.

The Persian consul-general in this town who some nine months ago left Van for the Salmass district, and was there appointed temporary governor, has just returned here, coming directly from Tabreez, where he stayed a short time. He is a personal friend of the khan of Maku. As regards the flight of the Kurdish chiefs to the khan of Maku, he says that the khan has now become a constitutionalist and has presented 50,000 tomans to the nation, and that now he has no fears of concerted action between him and the Kurd chiefs. These latter are staying with him as his guests. They have at the most fifty armed men with them, and even if they wished to bring about some reactionary coup in Turkey they could count on no support from their host. The Persian consul praises the conduct of the Russian troops in Tabreez, and says that all Persians in those parts are quite contented with the presence of the Russian forces. They all unite in their detestation of the methods and behaviour of the Turkish troops on the frontier.

The khan of Maku has recently returned from a journey in Russia, where he travelled in the Caucasus and went as far as Odessa. He may have counted on

Russian support, and wished to ascertain how far they would help him. However, his becoming a constitutionalist on his return seems to show that his efforts in this direction, if he made any, have failed.

I hear that the fugitive Kurdish chiefs have sent an envoy to Tehran asking to be received as Persian subjects. No answer has yet been given them. If the reply is unfavourable, I hear they will either emigrate to Russia or return to Turkey.

It was rumoured, and the rumours are still flying about, that the Kurds on the Van side of the frontier, at Gavvar, had formed a Mahommedan league, and that they were having secret meetings in which they were plotting to massacre Christians and to bring about a reaction. Traced down to their source these rumours were found to emanate from some Armenian traders of Baskkab who had come to Van. They know of nothing definite, and can only assert vaguely that the Armenians and Christians in Baskkab are afraid of some action against them on the part of the Kurds. The vali, however, asked for news from the kaimakam of Gavvar and sent, so he says, trusty men into those parts to report on the state of affairs. Both reported the rumours were baseless, and that there was no ground for alarm. In any case the vali is confident that with the soldiers at his disposal any Kurdish movement could be suppressed.

I have, &c.
JAMES MORGAN.

[14951]

No. 237.

Mr. Pindlay to Sir Edward Grey.—(Received May 2.)

(No. 60. Confidential.)
Sir,

Sophia, April 27, 1910.

I HAVE the honour to report that in conversation with Assim Bey, Turkish Minister at Sophia, who has just returned from Constantinople, he spoke with great suspicion of Russian action in Azerbaijan.

Assim Bey stated that his Government were in hearty sympathy with the Anglo-Russian agreement on the subject of Persia, in so far as it tended to maintain the integrity and independence of that country. But Turkey could not tolerate any Russian interference in Azerbaijan, and would not hesitate to go to war with Russia to prevent Russian "penetration" in that province. He had told the Russian Ambassador, M. Tebarikoff, that he and his friends regarded this as a question of life and death. If Russia persisted in what he suspected to be her designs on Persian territory, there would be war. It was quite possible that Turkey might be beaten, but their minds were made up.

I was just going to point out the extreme and obvious rashness of the Turkish Government if they were contemplating the possibility of a war with Russia at the present moment, when we were unfortunately interrupted. I shall take the first opportunity of advising prudence and abstention from undue suspicion, and of pointing out to Assim Bey that, according to my information, the aggression has hitherto been rather on the side of the Turks than of the Russians.

I have thought it as well to repeat this conversation, as Assim Bey is in close touch with all the leading Turkish statesmen; if they share his views the situation would appear to be somewhat dangerous.

A copy of this despatch will be sent to His Majesty's Ambassador at Constantinople by next messenger.

I have, &c.
M. DE C. FINDLAY.

[15137]

No. 238.

Board of Trade to Foreign Office.—(Received May 2.)

Sir,

Board of Trade, April 30, 1910.

I AM directed by the Board of Trade to acknowledge the receipt of your letter of the 20th April relative to the composition and financial standing of the International

Oriental Syndicate, Limited, and in reply I am to inform you that the Board have received no further information on the subject since the date of the letter previously addressed to you.

I am, &c.
GEORGE J. STANLEY.

[15099]

No. 239.

Mr. Marling to Sir Edward Grey.—(Received May 2.)

(No. 207.)

(Telegraphic.) P.

Tehran, May 2, 1910.

IN accordance with your telegram No. 115 of the 28th April, I have the honour to report that I have warned Sardar Assad against interference, but little value can be set upon his promise to refrain. Question may, however, drop of its own accord, as Sardar Assad and Sipahdar have now changed offices.

[15153]

No. 240.

Mr. Marling to Sir Edward Grey.—(Received May 2.)

(No. 208.)

(Telegraphic.) P.

Tehran, May 2, 1910.

HORMUZ oxide.

Please refer to Mr. Mallet's telegram of the 28th April.

There seems very little chance of obtaining a concession. Persian Government might be tempted by a large sum down, but they have exaggerated ideas of the value of the property. The National Assembly are moreover generally averse to granting any concessions at the present time.

[14682]

No. 241.

Sir Edward Grey to Mr. Marling.

(No. 118.)

(Telegraphic.) P.

Foreign Office, May 2, 1910.

WITH reference to Sir G. Barclay's telegram No. 156 of the 14th ultimo:

To give to Sheikh of Mohammerah assurances either against Bakhtiari or any other tribe appears to us to be both unnecessary and undesirable.

[14899]

No. 242.

Sir Edward Grey to Mr. Marling.

(No. 120.)

(Telegraphic.) P.

Foreign Office, May 2, 1910.

RECONSTRUCTION of Persian Cabinet. See your telegrams Nos. 201 and 202 of the 30th April and No. 203 of the 1st May.

I cannot see how a direct defiance of the two Governments is involved in the measure contemplated, as I did not know that anything further than unofficial representations had been employed to exclude the Sani-ed-Dowleh. Report whether latter is included in new Ministry.

Sardar Assad's hostility to us might eventually prove very prejudicial to us, and for this reason I would deprecate an open breach with him and the proposal contained in the second of your telegrams of the 30th ultimo.

Mr. Cohen's arrangements for a large loan should avert for the moment the danger of a German loan, and it seems to me preferable to see what would come from a further joint request for an answer to our demand. You should press for a favourable reply, and, if necessary, demand an audience of the Regent.

I would, if the reply were not favourable, take into consideration question of your

addressing the Persian Government, as suggested in Sir G. Barclay's telegram No. 170 of the 17th ultimo—in the last paragraph but one. Threats such as advancing Russian troops to Tehran cannot be too strongly deprecated. I am afraid your proposal would drive the Persian Government farther from us, whereas we are anxious to gain their confidence.

[14890]

No. 243.

Sir Edward Grey to Sir A. Nicolson.

(No. 202.)

(Telegraphic.) P.

Foreign Office, May 2, 1910.

IN reply to request contained in your telegram No. 138 of the 30th April, Turkish Minister for Foreign Affairs informed His Majesty's Ambassador at Constantinople that, so far as he knew, no orders had been given for increase of Turkish troops on Persian frontier, but that, as protection could not be refused to the population in disputed districts who appealed for it in consequence of the aggressive behaviour of the Kurds and of the absence of any authority in Persia, the troops already there had been maintained in their positions. He would enquire as to alleged levy of 11 per cent. duty and collection of taxes of which he had no knowledge, but he knew that in certain districts 1 per cent. transit duty was being levied.

In reply to the representations of Russian Ambassador, Rifaat Pasha stated, as Sir G. Lowther understands, that it was quite possible that points hitherto unoccupied had been garrisoned without any increase of total number of Turkish troops, but that no troops had been sent into districts in question. It seems that he added statement of his Government's intention to levy 11 per cent. duty on goods entering contested districts, but only 1 per cent. transit duty in Persian territory in temporary occupation, and said that levy of 11 per cent. on Urumia-Soujoulak road would be stopped.

Rifaat Pasha further told Sir G. Lowther on the 25th April that distribution of troops was for authorities on the spot to settle, but that no more troops would be sent forward. He said that Lahijan and Ushan, and many other places which Sir G. Lowther had named as indisputably Persian, were considered to be Turkish at the Sublime Porte. Until frontier was properly delimited no further taxes or duties would be levied, and categorical orders had been sent to this effect.

In the southern part of borderland Persians were now in occupation of places incontestably Turkish, and many of the places recently occupied by Persians were the same. These facts had been established by a commission sitting at the Porte.

Rifaat Pasha emphasised the necessity of a Turco-Persian commission to delimit frontier.

According to Sir G. Lowther's belief, Turkish occupation is measure of precaution against a Russian occupation of the same points. He does not believe that troops have lately been increased, but is convinced that Turkish Government have no intention of withdrawing them.

[14600]

No. 244.

Foreign Office to India Office.

Sir,

Foreign Office, May 2, 1910.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith copies of correspondence between this Office and His Majesty's legation at Tehran and between the Imperial Bank of Persia at that capital and the board of directors in London,* on the subject of negotiations which have recently been in progress between the Persian Government and the bank with a view to effect an amalgamation of the total indebtedness of the former to the latter, including in the arrangement also the indebtedness of the former to His Majesty's Government on account of the Anglo-Indian Government advances of 1903 and 1904.

I am to express Sir E. Grey's hope that Viscount Morley will see his way to sanction the conclusion of the proposed arrangement, which appears to be from every point of view favourable to the interests of His Majesty's Government, and to state that he is disposed, if his Lordship concurs, to inform Mr. Marling that the text

* Already printed.

of the article defining the security for the Persian Government's debt (which is contained in the bank's letter of the 27th ultimo), as well as that of the suggested additional article providing for the inclusion of the Anglo-Indian loans, is satisfactory, and approving the conclusion of a separate arrangement in connection with the suspension of payments on capital account.

In conclusion, I am to request that Lord Morley will be so good as to cause a calculation to be made in your department of the total debt of the Persian Government in respect of the Anglo-Indian loans and of the amount of the annual instalments, in order to control the figures supplied by the bank, in accordance with the desire expressed in Mr. Marling's telegram No. 195 of the 28th ultimo.

I am, &c.

LOUIS MALLET.

[14885]

No. 245.

Foreign Office to Lieutenant-Colonel Beddoes.

Sir,

Foreign Office, May 2, 1910.

WITH reference to your letter of the 29th ultimo, relative to a proposed advance of money to the Persian Government by a group in which you are interested, I am directed by Secretary Sir Edward Grey to inform you that His Majesty's Government would have no objection to a loan by Messrs. Seligman, on the understanding that it is entirely British in character, and provided that no sources of revenue already hypothecated to the service of the British or Russian loans should be assigned as security.

At the same time, I am to state that the redemption of the debts owed by the Persian Government to His Majesty's Government could not be the subject of conversion, since the terms of the contract preclude the extinction of the indebtedness before a certain date. His Majesty's Government would, moreover, be precluded from lending their support to any scheme involving the conversion of the Persian Government's debts to Russia.

I am, &c.

LOUIS MALLET.

[15293]

No. 246.

Mr. Marling to Sir Edward Grey.—(Received May 3.)

(No. 209.)

(Telegraphic.) P.

Tehran, May 3, 1910.

MOHAMMERAH.

In continuation of my telegram No. 206 of the 1st May. His Majesty's consul at Mohammerah has informed Colonel Cox that the Vali of Bassorah has issued instructions to all officials to dismiss all headmen dependent on the sheikh.

This step, Lieutenant Wilson thinks, confirms rumour current at Mohammerah, that influence has been used at Constantinople by the National party in Tehran to induce Porte to take action against Sheikh Khazal.

[15304]

No. 247.

Sir A. Nicolson to Sir Edward Grey.—(Received May 3.)

(No. 141.)

(Telegraphic.) P.

St. Petersburg, May 3, 1910.

PLEASE see your telegram No. 202 of the 2nd instant: Turco-Persian frontier.

The Russian Government consider that the Turkish reply to the joint note is evasive and unsatisfactory. They have therefore instructed the Russian Ambassador in London to propose to His Majesty's Government that a mixed delegation shall proceed to the spot to make a thorough enquiry into what is actually occurring in the frontier districts. They suggest that the delegation should consist of English, Russian, Turkish, and Persian representatives, and that they should be consular officials.

[15305]

No. 248.

Sir A. Nicolson to Sir Edward Grey.—(Received May 3.)

(No. 142.)

(Telegraphic.) P.

St. Petersburg, May 3, 1910.

PLEASE see your telegram No. 120 of the 2nd instant to His Majesty's chargé d'affaires at Tehran.

Situation in Persia.

I am informed to-day by M. Sazonoff that the Foreign Minister in the newly-constructed Cabinet is Sani-ed-Dowleh, and that it is he and the Minister of Finance who are the two Ministers who have leanings towards Germany. The best course, in the opinion of M. Sazonoff, to adopt would be that the two representatives should demand an audience of the Regent, at which they should urge that a favourable reply be sent to our joint note of the 7th April. If no reply is forthcoming within a limited period (say a week or so), or if the reply, when received, were unsatisfactory, he considers that the two representatives should address a further joint note to the Persian Government in the sense of Sir G. Barclay's telegram No. 170 of the 17th ultimo (penultimate paragraph), without, however, specifying the measures which it might be found necessary to take. The Russian Government are, he said, opposed to the advance of Russian troops to Tehran, so that the question of doing so is excluded from such measures. He is of opinion that the eventuality of being obliged to boycott the new Cabinet or to seize a custom-house might now be taken into consideration by the two Governments.

M. Sazonoff mentioned the fact that article 14 of the loan contract of 1900 blocks the application for any loan or advance without the previous consent of the Russian Government, and his Excellency said that he had instructed the Russian Minister by telegraph to remind the Persian Government of this article. The Imperial Government have no intention of abandoning this article, which they hold to be fully operative, and which they consider a most useful weapon. His Excellency thinks it very doubtful whether the loan option concluded with the French banks will result in anything. He also thinks that to officially state that such or such a Minister should or should not form part of the Persian Cabinet would be going too far and might defeat its own object; he therefore deprecated any such action.

[14902]

No. 249.

Sir Edward Grey to Sir G. Louther.

(No. 86.)

(Telegraphic.) P.

Foreign Office, May 3, 1910.

TURKISH action against Sheikh of Mohammerah.

His Majesty's consul at Mohammerah will be instructed to do his utmost to effect a local settlement in a friendly manner, and you should instruct the consul at Bassorah in the same sense. I do not understand latter's attitude (see Mr. Marling's telegram No. 206 of the 1st May). Turkish aggression may lead to complications of a serious nature, and may cause the sheikh to appeal to the assurances we have given him.

[14902]

No. 250.

Sir Edward Grey to Mr. Marling.

(No. 122.)

(Telegraphic.) P.

Foreign Office, May 3, 1910.

I CONCUR in views expressed in your telegram No. 206 of the 1st May respecting Turkish action against Sheikh of Mohammerah, and I authorise instructions to His Majesty's consul at Mohammerah as suggested.

[14899]

No. 251.

Sir Edward Grey to Sir A. Nicolson.—(Received May 3.)

(No. 205.)

(Telegraphic.) P.

Foreign Office, May 3, 1910.

ADVANCE to Persia, and Persian Cabinet changes.

Please see my telegram No. 120 to Mr. Marling, of yesterday's date, repeated to you.

You should suggest that M. Poklewski should be given similar instructions.

[14401]

No. 252.

Sir Edward Grey to Sir F. Bertie.

(No. 231.)

Sir,

Foreign Office, May 3, 1910.

I HAVE received your Excellency's despatch No. 171 of the 25th ultimo, relative to the renewed assurances of protection which Zil-es-Sultan desires to receive from His Majesty's and the Russian Governments.

I have to state, in reply, that I am in consultation with His Majesty's chargé d'affaires at Tehran on this subject, and hope to be able to send to His Serene Highness a definite reply to his request through your Excellency very shortly.

I am, &c.

E. GREY.

[13167]

No. 253.

Sir Edward Grey to Sir A. Nicolson.

(No. 131. Confidential.)

Sir,

Foreign Office, May 3, 1910.

I TRANSMIT to your Excellency herewith copy of a despatch from His Majesty's consul-general at Budapest* reporting the contemplated formation, through the agency of a group of German and Austrian banks, of a company for the construction of railways in Persia.

In view of the statement made to your Excellency by the Russian Minister for Foreign Affairs (as reported in your despatch No. 169 of the 2nd ultimo), to the effect that he was less uneasy as to the success of German attempts to obtain concessions for the construction of railways in Persia, I have to take an opportunity of communicating to him confidentially the information contained in Mr. Howard's despatch.

I may add that I have instructed His Majesty's Ambassadors at Berlin and Vienna to make enquiries respecting the scheme, and to report their result to me.

I am, &c.

E. GREY.

[13630]

No. 254.

Sir Edward Grey to Sir A. Nicolson.

(No. 133.)

Sir,

Foreign Office, May 3, 1910.

I HAVE received your Excellency's despatch No. 196 of the 18th ultimo relative to the negotiations in progress between the Indo-European Telegraph Company and the Russian Government regarding the working by the former of the Tehran-Khanikin telegraph line.

I share your Excellency's view that independent negotiations of this kind are liable to lead to confusion, and I have accordingly to request you to explain to Russian Government the true state of affairs with regard to this question.

I have already caused a letter to be addressed to the company, embodying the substance of your Excellency's despatch, and informing them of the instructions now sent to you.

I am, &c.

E. GREY.

* Mr. Howard, No. 28 Confidential, April 8, 1910.

[13167]

No. 255.

*Sir Edward Grey to Sir E. Goschen.**

(No. 109.)

Sir,

Foreign Office, May 3, 1910.

I TRANSMIT to your Excellency herewith copy of a despatch from His Majesty's consul-general at Budapest,† reporting the contemplated formation, through the agency of a group of German and Austrian banks, of a company for the construction of railways in Persia.

I have to request your Excellency to endeavour to obtain information as to this scheme, and to report to me in due course the result of your enquiries.

I am, &c.

E. GREY.

[15303]

No. 256.

Foreign Office to F. C. Strick.

(Confidential.)

Sir,

Foreign Office, May 3, 1910.

WITH reference to the visit paid by you to this Office on the 2nd instant, in connection with the question of the red oxide industry in the island at Hormuz, I am directed by Secretary Sir Edward Grey to inform you that His Majesty's Minister at Tehran, who has now reached this country on leave of absence, has pointed out that, though the claim of Messrs. Andrew Weir and Co. for losses incurred in consequence of the lapse of Moin-ut-Tujjar's concession would, in the first instance, lie against the Moin himself, the Persian Government realize that it is on them that the responsibility for the claim will ultimately fall, and it is on that account that they have made it a condition that you will take over all liability towards Messrs. Weir and Ellinger.

Sir G. Barclay has expressed the opinion, which Sir E. Grey fully shares, that you would be well advised to accept this condition, since, if you refuse it, the Persian Government, in their anxiety to escape from their liability, may very probably offer the concession to a third party who would be willing to assume the obligation whereby this branch of trade, as far as Hormuz is concerned, might be permanently lost to British interests.

I am, &c.

LOUIS MALLET.

[13636]

No. 257.

Foreign Office to Indo-European Telegraph Company.

Sir,

Foreign Office, May 3, 1910.

I AM directed by Secretary Sir Edward Grey to inform you that he has received a despatch from His Majesty's Ambassador at St. Petersburg, reporting that M. Pagenkoff, the representative of your company at that capital, recently called at His Majesty's Embassy and stated that your directors were convinced that the Germans were making serious efforts to acquire control of the Khanikin-Tehran telegraph line, and had accordingly instructed him to endeavour to come to some arrangement with the Russian Government in order to frustrate this design.

It was pointed out to M. Pagenkopp that an agreement was concluded by your company with the Persian Government on the 14th June, 1906, whereby the former were empowered to come to an arrangement with His Majesty's Government for the resumption of the working of the line, and that the express purpose of this instrument was to prevent the cession of this section to a third Power. Further, the agreement was registered at the Russian Legation at Tehran, and the Russian authorities would be perfectly aware of its existence and of its terms.

Copy of this instrument is enclosed for your convenience.

M. Pagenkopp stated that he had been quite unaware of the existence of any such agreement, nor had any inference been made to it by the Russian authorities at St. Petersburg in their conversations with him on the subject.

* Also to Sir F. Cartwright (No. 47).

† No. 113.

Shortly afterwards M. Pagenkopp addressed to a member of the embassy a letter, an extract from which I am to transmit to you herewith, stating that, as the agreement above referred to was concluded before the signature of the Anglo-Russian arrangement concerning Persia, and as Russia was not a party to the former instrument while the Khanikin route was included in the Russian sphere under the terms of the latter instrument, it had been thought necessary to apply for the consent of the Russian Government to any agreement which your company may enter into with the Persian Government on the subject of this route.

(As a copy of the letter referred to in the last paragraph of this extract is probably already in the possession of your company none is enclosed.)

With regard to the point here raised I am to point out that by article 3 of the Anglo-Russian arrangement, British concessions already existing in the Russian sphere are expressly confirmed as British, so that it would seem that the consent desired by your company may be considered as already obtained.

Sir A. Nicolson expresses the fear, which is shared by Sir E. Grey, that the independent negotiation of these questions by your company with the Russian Government may lead to confusion.

Sir E. Grey has accordingly instructed his Excellency to explain matters to the Russian Government.

I am, &c.

LOUIS MALLET.

[15364]

No. 258.

India Office to Foreign Office.—(Received May 4.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram to the Viceroy, dated the 28th April, regarding the attack on Mr. Bill.

India Office, May 3, 1910.

Enclosure in No. 258.

Viscount Morley to Government of India.

(Telegraphic.) P.

India Office, April 28, 1910.

ATTACK on Mr. Bill. See your telegram dated the 19th April. Instructions sent on the 26th April to His Majesty's chargé d'affaires to claim 5,000 tomans for each of the two sowars who were murdered, and to tell Persian Government that we expect arrangements for policing road to be made immediately. He is to insist also on Soulet being given wide powers. Following is conclusion of telegram:—

"There should be as little travelling as possible on part of British consular officers for the meantime, and when their doing so is unavoidable, the largest escort that can be spared should accompany them."

It is undesirable at present moment to send cavalry to Shiraz.

[15352]

No. 259.

Treasury to Foreign Office.—(Received May 4.)

Sir,

Treasury Chambers, May 3, 1910.

IN reply to Mr. Mallet's letter of the 28th ultimo, I am directed by the Lords Commissioners of His Majesty's Treasury to request you to inform the Secretary of State that they assent to the proposal to include the Anglo-Indian loans of 1903 and 1904 in the scheme for the amalgamation of the loans due from the Persian Government

[1722]

2 H

to the Imperial Bank of Persia, and to defer the repayment of the capital for three years from the present date, on the understanding—

1. That a formal agreement is entered into by the Persian Government which will enable the Imperial Bank to receive in due course the whole of the customs receipts of the Gulf ports, including Mohammerah and Ahwaz:

2. That the collateral security of the Caspian Fisheries and the postal and telegraphic revenue is still preserved for the Anglo-Indian loan:

3. That interest at the rate of 5 per cent. is paid as from the 21st March, together with the outstanding arrears:

4. That repayment of the capital of the loans by annual instalments will commence in 1913, and will be concluded in 1925:

5. That the Secretary of State will be ready to use such pressure as may be necessary from time to time in order to ensure that the terms of the agreement are punctually observed by the Persian Government.

My Lords will be glad to be furnished with a copy of the agreement when it has been drawn up.

I am, &c.
G. H. MURRAY.

[15496]

No. 260.

M. Isvolsky to Count Benckendorff.—(Communicated to Foreign Office, May 4, 1910.)

LE nouveau Cabinet persan se trouve constitué et comprend, entre autres, Sani-nd-Dowleh et Vonsouk-ed-Dowleh, qui sont arrivés à des arrangements: le premier avec le Syndicat international, et le second avec un financier français, M. Cohen.

Dans ces conditions, nous serions désireux de connaître l'opinion du Cabinet de Londres concernant une démarche à faire auprès du Régent.

D'autre part, notre Ministre à Téhéran a été chargé d'attirer l'attention du Gouvernement du Schah (comme suite à la déclaration du 25 mars (7 avril)) sur le fait que nous étant en principe déclarés prêts à reconnaître sous certaines conditions le droit du Cabinet de Téhéran de contracter des emprunts auprès de tierces personnes, nous ne l'avons nullement dégagé par là de l'obligation d'une entente préalable avec nous au sujet de tout emprunt extérieur—obligation prise aux termes des conventions des emprunts de 1900 et 1902; nous exigeons par conséquent que les projets de toutes les affaires prévues par les articles 13 et 14 de ces conventions nous soient préalablement communiquées en vue d'être examinées en commun.

[15377]

No. 261.

Messrs. W. A. Crump and Son to Foreign Office.—(Received May 4.)

Dear Sir, 17, Leadenhall Street, London, April 30, 1910.

REFERRING to our letter to you of the 28th instant, we now have a letter, dated the 20th instant, from Mr. J. Castelli, at Tiflis, informing us that he has succeeded in obtaining permission to inspect the carpets.

Yours truly,
WILLIAM A. CRUMP AND SON.

[15495]

No. 262.

M. Isvolsky to Count Benckendorff.—(Communicated to Foreign Office, May 4, 1910.)

LES Ambassadeurs de Russie et de Grande-Bretagne à Constantinople se sont informés auprès de Rifaat Pacha des résultats des informations prises par lui au sujet des nouvelles parvenues aux deux Ambassadeurs.

Le Ministre a répondu à M. Tcharykoff que les autorités turques ont reçu ordre de cesser le prélèvement non seulement des droits de douane, mais aussi de tout autre impôt sur le territoire indiscutablement persan, en attendant la délimitation exacte par les soins de la commission spéciale.

A Sir G. Lowther Rifaat Pacha a répondu que le nombre des troupes ottomanes se trouvant sur le territoire persan n'avait pas été et ne serait pas augmenté, mais que leurs mouvements dépendent entièrement des autorités militaires locales. Le Ministre a également fait mention du commencement prochain des travaux de la Commission turco-persane de Délimitation, mais s'est refusé à indiquer quelle serait la carte qui devrait servir de base à ces travaux.

Ces réponses paraissant trop évasives pour être tenues pour satisfaisantes, le Gouvernement Impérial, se rapportant aux considérations exposées précédemment, serait désireux de soulever dès maintenant à Constantinople la question de la commission d'inspection conjointe de la région entre le Lac d'Ourmiah et la frontière.

[15422]

No. 263.

Mr. Marling to Sir Edward Grey.—(Received May 4.)

(No. 210.)

(Telegraphic.) P.

Tehran, May 4, 1910.

CABINET crisis.

Please refer to your telegram No. 120 of the 2nd May. This afternoon M. Poklewski and I saw the Persian Minister for Foreign Affairs by appointment, and pressed for a reply to our joint note of the 7th April. With regard to loans, Minister for Foreign Affairs stated that Government had discussed the question and were willing to give the assurances required. With regard to concessions, they were ready to give satisfactory assurances on that point also if it referred to railways only. Persian Government, he explained, would not at present grant any railway concessions at all. We took act of his statements, but replied that we were unable to accept narrow interpretation of condition referring to concessions. Discussion was very amicable throughout, and in conclusion his Excellency stated that he would again consult the Cabinet, and that he hoped to communicate a reply to us at the end of the week.

Too much faith, I fear, must not be put in sanguine expectations of Minister for Foreign Affairs.

M. Poklewski, in the course of the interview, called the attention of Minister for Foreign Affairs to article 14 of Loan Contract of 1900, and stated that it was still considered by Russian Government to be operative in the sense that no foreign loan can be concluded by Persia without consultation with them.

Since drafting above, I have received Sir A. Nicolson's telegram No. 142 of the 3rd May.

[15496]

No. 264.

Sir Edward Grey to Mr. Marling.

(No. 127.)

(Telegraphic.) P.

Foreign Office, May 4, 1910.

AUDIENCE with Regent.

When Russian Minister receives instructions you may co-operate with him in taking action contemplated in my telegram No. 208 to Sir A. Nicolson of to-day.

[15495]

No. 265.

Sir Edward Grey to Sir G. Lowther.

(No. 90.)

(Telegraphic.) P.

Foreign Office, May 4, 1910.

PROPOSED enquiry respecting Turco-Persian frontier.

When the Russian Ambassador receives similar instructions, you should act with him in pressing Porte to accept suggestions contained in my telegram No. 206 to Sir A. Nicolson.

[15495]

No. 266.

Sir Edward Grey to Sir A. Nicolson.

(No. 206.)

(Telegraphic.) P.

Foreign Office, May 4, 1910.

PROPOSED enquiry respecting Turco-Persian frontier.

Russian Ambassador informed that we have no objection to the enquiry by mixed delegation.

See your telegram No. 141 of the 3rd May.

[15496]

No. 267.

Sir Edward Grey to Sir A. Nicolson.

(No. 208.)

(Telegraphic.) P.

Foreign Office, May 4, 1910.

SITUATION in Persia.

I concur in proposal contained in your telegram No. 142 of the 3rd May that the two Ministers should have an audience with the Regent, and I have informed Count Benckendorff accordingly, adding that, if no result ensues, further suggestions contained in your telegram will be considered.

[15485]

No. 268.

*Imperial Bank of Persia to Foreign Office.—(Received May 5.)**25, Abchurch Lane,**London, May 4, 1910.*

Sir,

I HAVE the honour to forward herewith for your information an extract from a confidential letter, dated the 20th April, 1910, received by the bank from its Tehran office in reference to the purchase of arms and ammunition for account of the Persian Government, and I am requested to enquire whether the Secretary of State for Foreign Affairs sees any objection to the bank acceding to the wish of the Persian Government.

I have, &c.

G. NEWELL.

Enclosure in No. 268.

Imperial Bank of Persia, Tehran, to Imperial Bank of Persia, London.

(Extract.)

(Confidential.)

Tehran, April 20, 1910.

WE are asked to obtain advice from an expert and buy for the Government:—

50,000 rifles and 300 rounds of ammunition for each.

10,000 Mauser revolvers and 300 cartridges for each.

I have told the legation of this request, and neither Sir George Barclay nor Mr. Marling had any objection to offer. It practically amounts to obtaining English expert advice upon the re-armament of Persian infantry, and, if you see no objection to our assisting the Government to obtain what they need with the approval of our Foreign Office, the Persian Government are ready to give us a commission of 2 per cent. on all purchases and pay out-of-pocket expenses.

They wish to have the most up-to-date weapon, and to obtain this at the real market price. They frankly admit it is no use employing their own representatives abroad, who would buy inferior weapons at a high price and pocket the difference.

The Persian Government wish the manufacturers to give them easy terms for payment, and we shall be glad if you will obtain the necessary advice regarding the rifle for them to buy, and offers from the manufacturers as to the terms upon which delivery would be made.

[15493]

No. 269.

*Lieutenant-Colonel Beddoes to Foreign Office.—(Received May 5.)**The Red House, Redbourne, Herts,**May 4, 1910.*

Sir,

IN continuation of your letter dated the 2nd May, 1910, would you be good enough to inform me whether you would be willing for the terms of the contract to be submitted to His Britannic Majesty's Minister at Tehran, and if they meet with his approval to let us have a notification from the Foreign Office to the effect that you have perused the contract between the Persian Government and Messrs. Seligman Brothers. We are anxious to use this as part of the prospectus when the public issue is made.

I have, &c.

H. R. BEDDOES.

[15517]

No. 270.

Mr. Marling to Sir Edward Grey.—(Received May 5.)

(No. 211.)

(Telegraphic.) P.

Tehran, May 5, 1910.

MOHAMMERAH.

In continuation of my telegram No. 209 of the 3rd May:

His Majesty's consul-general at Bushire telegraphs substantially as follows:—

"It will be hard for sheikh to preserve his equanimity in face of Vali of Bussorah's action, and very complicated situation will ensue in Shat-el-Arab if vali is not called to account without delay.

"Export of grain is about to begin from Mohammerah and Bussorah; date export follows. British trade is involved to value of 500,000*l.* in these commodities. We have, therefore, cogent grounds for pressing Turkish Government to appoint some less aggressive person in place of vali, and, failing compliance, I submit that, to ensure security of traffic, one or two more gun-boats should be stationed in part of river affected."

[15506]

No. 271.

Mr. Marling to Sir Edward Grey.—(Received May 5.)

(No. 212.)

(Telegraphic.) R.

Tehran, May 5, 1910.

YOUR telegram No. 120 [of 2nd May] and Sir A. Nicolson's No. 142 [of 3rd May]. Sani-ed-Dowleh is Minister of Public Works.

[15511]

No. 272.

Sir Edward Grey to Mr. Marling.

(No. 128.)

(Telegraphic.) P.

Foreign Office, May 5, 1910.

YOUR telegram No. 208 of the 2nd May: Red oxide at Hormuz.

Endeavour to hasten delivery of Persian Government's note. Should we insist on their proving their right to cancel the concession by producing as part of their evidence full text of original firman? I understand you have no copy of the firman; the Muin will not produce it, and we have never seen it.

Telegraph substance of note when received with your views as to value of its arguments.

According to Strick, Persian Government state that fraud was used to obtain the second firman, which apparently indefinitely prolonged the Hormuz concession.

[15352]

No. 273.

Sir Edicard Grey to Mr. Marling.

(No. 129.)

(Telegraphic.) P.

Foreign Office, May 5, 1910.

PERSIAN Government's debts to His Majesty's Government and to Imperial Bank. We agree to arrangement submitted in your telegrams Nos. 195 and 196 of the 28th April, provided that Imperial Bank of Persia will actually encash all receipts from customs of Gulf ports and will hold back sums sufficient to meet interest due monthly on Anglo-Indian loans, and further that our lien on revenues of Caspian fisheries and of posts and telegraphs is still preserved to us.

The figures submitted by the bank have been checked and found correct.

[15422]

No. 274.

Sir Edward Grey to Sir A. Nicolson.

(No. 213.)

(Telegraphic.) P.

Foreign Office, May 5, 1910.

PERSIAN reply to joint note. Mr. Marling's telegram No. 210 of yesterday.

I propose to ask the Persian Minister here to tell his Government that the outline of their reply, so far as it goes, is satisfactory, and to express to them my strong hope that our wishes will be fully complied with by them.

I shall assure him that the new régime in Persia has our most friendly sympathy, and that we are most anxious that the development of the country and of its resources on national lines should not be impeded.

There is evidence in the reply of a better disposition, and this I am endeavouring to encourage. I hope that if they realise that they have already produced a favourable impression, they may feel impelled to cultivate a satisfactory policy towards the two Powers.

I trust that Russian Government will be of the same opinion, and perhaps M. Sazonow will be able to use similar language. Perhaps you will be able to find an opportunity of suggesting that an excellent opening for recalling the Kazvin forces would be presented if the further assurance is of a satisfactory nature.

[16343]

No. 275.

Sir Edward Grey to Sir E. Goschen.

(No. 120.)

Sir,

Foreign Office, May 5, 1910.

SOME time ago Count Metternich told me that there were certain sums which we paid to the Persian Government, and out of which we were able to satisfy British claims by retaining the amount of the claims from the money which we paid to that Government. I assured Count Metternich that this was not the case.

To-day, however, the German chargé d'affaires returned to the subject, and, though he admitted that the case was not one quite in point, he told me that he had heard that the Imperial Bank of Persia had had some bullion stolen during the siege of Tabreez by soldiers under Ain-ed-Dowleh, and that this loss had been made good out of the customs receipts at Bushire while our troops were in possession of the custom-house there not long ago.

I pointed out that if this had really occurred it was an exceptional case, and was not the sort of case to which I had understood Count Metternich to refer. I knew nothing about the event, but I would make enquiry as to the facts. It sounded to me rather as if some debt to the Imperial Bank of Persia had been made good out of the security on which the debt had been founded.

I am, &c.

E. GREY.

[15352]

No. 276.

Foreign Office to Treasury.

Sir,

Foreign Office, May 5, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 3rd instant, conveying the assent of the Lords Commissioners of His Majesty's Treasury to the inclusion of the Anglo-Indian loans of 1903-1904 in the scheme for the amalgamation of the debts due by the Persian Government to the Imperial Bank of Persia on certain conditions.

As regards condition 4, I am to observe that, owing doubtless to a clerical error, the year in which the repayment of the capital of the loans will be concluded is given as 1925, and I am to point out that this repayment will not be complete till 1928, fifteen years after the deferred payments of the annual instalments begin.

I am to transmit to you herewith, for the information of their Lordships, paraphrase of a telegram which Sir E. Grey has addressed to His Majesty's chargé d'affaires at Tehran,* conveying the assent of His Majesty's Government to the proposed arrangement.

I am, &c.

LOUIS MALLET.

[15493]

No. 277.

Foreign Office to Lieutenant-Colonel Beddoes.

Sir,

Foreign Office, May 5, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 4th instant, enquiring whether if the terms of the contract which Messrs. Seligman propose to conclude with the Persian Government for a loan meets with the approval of His Majesty's Minister at Tehran, that firm may be furnished with a notification that the contract has been perused at this Office.

I am to inform you in reply that it is impossible for Sir E. Grey to give an undertaking of this nature at the present stage of the proceedings in a purely hypothetical case.

With reference to your other letter of the same date, requesting an interview with me, I am to state that in the circumstances a further interview would serve no useful purpose.

I am, &c.

LOUIS MALLET.

[15558]

No. 278.

India Office to Foreign Office.—(Received May 6.)

Sir,

India Office, May 5, 1910.

IN reply to your letter of the 22nd April, 1910, regarding the punishment of the authors of the outrages on certain Ismailis in North-Eastern Persia, I am directed to say that Viscount Morley concurs in the proposal of Secretary Sir E. Grey to inform His Majesty's Minister at Tehran that in the circumstances he should abstain from further representations on the subject to the Persian Government, unless the Ismailis of the Nishapur district are again molested.

It would appear from Major Sykes's diary for the week ending the 26th February (copy enclosed) that the Ismailis were still being troubled by their neighbours.

I have, &c.

R. RITCHIE.

Enclosure in No. 278.

Consul-General Sykes's Diary No. 8 for week ending 26th February, 1910.

21st February: *Call on the Naib-u-Taulia.*—I returned the call of the Naib-u-Taulia. Like all educated Persians, he has lost hope in the future. Persians have no capacity whatever for working at an uphill task: either they must succeed at once or they throw up the sponge—the latter for choice.

22nd February: *The Shuja-u-Taulia.*—It is reported from Tehran that the Shuja-u-Taulia will be severely punished. The chief of police has been asked to report on his various acts.

23rd February: *The Hazara Chief.*—I hear that the Shuja-ul-Mulk is preparing to flee from Persia to Transcaspia as he is afraid being called to account for helping Salar Khan, who has disappeared.

24th February: *The Case of Mujtaba Mirza.*—Haji Murtaza Mirza, brother of Mujtaba Mirza, has gone to Tehran to try and secure the release of his brother. I have been asked to invoke the aid of the legation. The fact is that Mujtaba Mirza only did what all Persian governors habitually do, and it is not just that he should be punished vindictively for his act. The whole family has always been most friendly to the Turbat consulate, and so, if thought fit by the legation, a request for the exercise might perhaps be favourably considered.

25th February: *The followers of Seyyid Ahmad Beg, Jamshedi.*—The Herat agent reports that three followers of Seyyid Ahmad Beg have been hanged at Herat. Two more men are under examination.

26th February: *New Teachers for Meshed.*—Three new teachers for Meshed have reached Meshed. As they gave themselves out as emissaries of the Tehran Medjliss, which knows nothing about them, they have been placed under arrest.

2. *The Ismaili Case.*—The Ismailis are still being troubled by their neighbours who are tenants of the shrine. The mutawalibashi has written a very strong letter to stop his people from troubling them. I have also received a letter which was written against these unhappy men by the sons of the Muin-u-Ghuraba. They will be very sorry they wrote it, as I am taking strong action in the matter.

Political Summary to Consul-General Sykes's Diary No. 8 of 1910.

The Nishapur case has been settled by four bonds having been given for the payment of 14,505 toman in four years. The original sum was 9,000 toman, and the balance represents the interest and Karguzari fees. I have arranged that 20,000 toman worth of land, as valued by a reliable British subject, should be held against this debt, which will, I hear, be paid off under the four years agreed upon. It is a subject for congratulation that this case is finished, as every one had to be fought; and, in a similar case, my colleague has failed to obtain any satisfaction. The defendants are now trying to recover the money they paid to the mujtahids for opposing me, as nothing was effected! The Karguzar was offered 1,000 toman, but refused it. Throughout, until he was worn out by curses from the pulpit, he has behaved very well. Finally, without the strong support of the legation, it would have been impossible to defeat the intrigues at Tehran, and the corrupt practices of the Seyyid-ed-Dowleh.

It is proposed to divide Khorasan into twelve districts, and to pay each petty governor 250 toman per month.

The Persians view the abolition of Turbat with some dismay. However, as Prince Dabija states that the Russians will withdraw from Bunder Abbas, there will be a distinct gain if this be so.

I have, &c.

P. M. SYKES, Major.

No. 279.

[15550]

*India Office to Foreign Office.—(Received May 6.)**India Office, May 5, 1910.*

Sir,

I AM directed by the Secretary of State for India to acknowledge the receipt of your letter dated the 2nd instant, enclosing copy of correspondence as to an arrangement for the amalgamation of the debts of the Persian Government to the Imperial Bank of Persia, including the debts on account of the advances made through the bank on behalf of the British and Indian Governments in the years 1903 and 1904. The arrangement involves the exclusive payment to the bank in the first instance of the full, nett customs receipts of the Persian Gulf ports, including Bushire, Bunder Abbas Lingah, Mohammerah, and Ahwaz.

In reply I am to say that Viscount Morley concurs in the view that the arrangement set forth in the correspondence is desirable, affording as it does some definite ground for the hope that the obligations of the Persian Government in respect of the advances of 1903 and 1904 will in future be met in a satisfactory way, and he agrees in the wording of the articles referred to in your letter as to the security for the loans, and the inclusion in the general scheme of the advances named. He would only observe, as regards the second article, that he understands that monthly instalments of interest will be paid in respect of these advances, in accordance with what was said in the telegram of the bank to their Tehran branch dated the 22nd April last, making in all a total payment in a single year of 30,278*l.* 12*s.* 7*d.*

The calculation of this figure has been found to be correct, as also that of the total indebtedness, as on the 21st March, 1910, of the Persian Government in respect of the advances of 1903 and 1904, viz., 314,281*l.* 16*s.* 4*d.*

With regard to the separate arrangement for the suspension for three years of payments on capital account in respect of these advances, Lord Morley assumes that it will be made quite clear that after the three years, expiring on the 21st March, 1913, there will be made equal payments of 30,278*l.* 12*s.* 7*d.* in each of the fifteen succeeding years, the final payment thus being due in March 1928.

I am, &c.

R. RITCHIE.

No. 280.

[15610]

Mr. Marling to Sir Edward Grey.—(Received May 6.)

(No. 213.)

(Telegraphic.) P.

Tehran, May 6, 1910.

It has been decided in Medjliss to raise an internal loan of 5,000,000 toman, for which State domains are to be pledged as security. A post of "Administrator of Public Debt" is to be created, and an European appointed to fill it in order to inspire confidence in the public.

(Confidential.)

I am informed by manager of Imperial Bank of Persia that Rabino has been offered the post. I submit that his return to Persia would be undesirable in view of the circumstances of his quitting Imperial Bank of Persia in 1908.

No. 281.

[15611]

Mr. Marling to Sir Edward Grey.—(Received May 6.)

(No. 214.)

(Telegraphic.) P.

Tehran, May 6, 1910.

OIL company.

Please refer to your telegram No. 117 of the 30th April.

No objection on part of sheikh.

[15633]

No. 282.

Sir E. Goschen to Sir Edward Grey.—(Received May 6.)

(No. 28.)

(Telegraphic.) P.

Berlin, May 6, 1910.

BARON VON SCHOEN, who has just seen M. Isvolsky, told him that the German Government had just received information that the Persian Government had been requested by the Governments of Great Britain and Russia to give a categorical declaration to the effect that no concessions of a political or strategic nature, as, for instance, for railways, telegraphs, mines, or roads, should be given to subjects of other Powers without the previous consent of Great Britain and Russia. M. Isvolsky replied that his Government and that of Great Britain had been rendered somewhat nervous by rumours which had reached them of an Urumia concession to be granted to Germany, of a railway concession for the Deutsche Bank, and also because enquiries respecting the conditions of loans had been received simultaneously from the Powers of the Triple Alliance.

Baron von Schoen gave a formal assurance to M. Isvolsky that there had been no previous consultation between the Powers of the Triple Alliance with regard to those enquiries, and that the fact that they had been made simultaneously was a pure chance. His Government had no knowledge of either the railway concession to the Deutsche Bank or the Urumia concession. The acceptance of any concession which might be disagreeable to Russia or Great Britain would be forbidden by the German Government, and even if these concessions had been obtained his Government would forbid the transaction. He added that, though the Imperial Government recognised no obligation in the matter, he gave this assurance freely.

Finally the Secretary of State said that it would make a very bad impression in Germany if the two Governments persisted in pressing the Persian Government for this formal declaration, and great difficulties would be placed in the way of an understanding on Persian affairs, the desirability of which, in the interest of all, was fully recognised by the Imperial Government. This demand for a formal declaration had the appearance of being an ultimatum to the Persian Government, and he therefore hoped that M. Isvolsky would use his influence to stop it.

The Secretary of State, when he informed me of this conversation, said that the Imperial Government had no wish to interfere with that which was considered necessary by the Governments of Russia and Great Britain for the maintenance of their political interests, but what had to be done they hoped would be done discreetly, and would not take a form by which public opinion in Germany would be upset, and by which the impression would be given that the two Powers did not credit the assurances of the German Government.

[15529]

No. 283.

Sir Edward Grey to Sir G. Lowther.

(No. 94.)

(Telegraphic.) P.

Foreign Office, May 6, 1910.

EVENTS at Mohammerah. Your telegram No. 71 of the 5th May.

It is the first time that we hear anything of the alleged interference by sheikh in Turkish territory, and we know nothing about nature of his offence. Please enquire as to facts.

Previous reports to the effect that one of the sheikh's villages had been burned and shelled by the vali because its headman, alleging with apparent justice that he was a Persian subject, had resisted arrest, seemed to indicate that the vali's conduct was entirely unjustifiable.

It would appear from the last sentence of your telegram that the reports from His Majesty's consul at Mohammerah confirm impression as to the aggressive nature of the vali's conduct.

[15529]

No. 282.*

Sir G. Lowther to Sir Edward Grey.—(Received May 6.)

(No. 71.)

(Telegraphic.) P.

Constantinople, May 5, 1910.

MOHAMMERAH.

Referring to Foreign Office telegram No. 86.

Following is substance of telegram received from Mr. Crow in reply to my enquiry:—

"In interview with acting vali to-day I informed his Excellency that His Majesty's Government, fearing serious complications in regard to frontier, &c., regretted Turkish action and considered reconciliation most important, and that I was consequently ready to do my utmost to bring this about. I said the intervention of Great Britain was based on an ancient friendship for Turkey, but, on the other hand, our relations with sheikh were also friendly, and that His Majesty's Government did not desire to see his position in the province weakened, as, compared with the rest of Persia, his province was quiet. The vali, I said, had aggravated matters by not affording us an occasion for mediation and proceeding at once, as he did, to employ force. I made no reference to the assurances which have been given the sheikh by His Majesty's Government. Acting vali replied that, if a conciliation was effected, it would be to please us. He then enumerated the Turkish difficulties with sheikh, and added it would be preferable reconciliation should be brought about through British intervention, as Turkey would then look to us to guarantee vilayet from interferences of sheikh. He concluded by promising to inform vali, who is at Amara, to-day by telegraph of the great importance attached by His Majesty's Government to settlement of dispute."

In regard to Mr. Marling's telegram No. 200 and vali's demand for surrender of twenty-five individuals by sheikh, Mr. Consul Crow asks permission to assure acting vali that assistance will be rendered by us to Ottoman authorities by means of our influence to compel sheikh to abstain from interference in Bussorah vilayet and to compel his followers to do likewise.

I am unwilling to take any action of this nature except on receipt of your instructions, but should His Majesty's Government approve I would suggest that Mr. Crow should only be permitted to give assurances quite unconditionally, so as not to commit us too far.

In this and similar cases the desire of the new régime to assert Turkey's "national rights," which are somewhat at variance with her required position in these regions, appears to be the keynote of the vali's policy.

This telegram has been repeated to His Majesty's chargé d'affaires at Tehran.

[1722]

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[15610]

No. 284.

Sir Edward Grey to Mr. Marling.

(No. 132.)

(Telegraphic.) P.

Foreign Office, May 6, 1910.

PROPOSED Persian internal loan. Your telegram No. 213 of the 6th May.

We can do nothing if the post has already been offered to Rabino; but otherwise you may, if you think fit, explain in confidence the reasons why he left the bank's service.

[15422]

No. 285.

Memorandum communicated to Mirza Mehdi Khan.

HIS Majesty's Government have received a telegram from His Majesty's chargé d'affaires at Tehran, reporting that he and the Russian Minister were received on the 4th instant by the Persian Minister for Foreign Affairs, and asked his Excellency for a reply to the joint note handed to the Persian Government by the two representatives on the 7th ultimo.

The Minister for Foreign Affairs said that the Persian Government had discussed the question, and were ready to give assurances as regards loans. As for concessions, if the requirements of the two Powers referred to railways only, the Persian Government were willing to give satisfactory assurances on that point also, but they intended for the present to give no concessions at all for the construction of railways.

The two representatives took note of his Excellency's declarations, but said that they could not admit this narrow interpretation of the condition regarding concessions, which should apply also to roads and telegraphs.

His Excellency stated that he would again consult the Cabinet, and hoped to give a reply on the 7th instant.

Mr. Marling adds that the tone of the discussion was very friendly.

His Majesty's Government have learned with much satisfaction the nature of the reply returned by the Minister for Foreign Affairs to the representations of the two representatives, as outlined in Mr. Marling's telegram, so far as that reply goes, and they entertain the earnest hope that the Persian Government will see their way to comply fully with the wishes of the two Powers.

In the expectation of satisfactory assurances being given on this point, Sir Edward Grey would beg the Persian Minister to convey to his Government an expression of the friendly sentiments which His Majesty's Government entertain towards the new régime in Persia, and of their desire in no way to hamper the development on national lines of that country and of its resources.

Foreign Office, May 6, 1910.

[14724]

No. 286.

Foreign Office to India Office.

Sir,

Foreign Office, May 6, 1910.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith copies of telegraphic correspondence exchanged between this Office and His Majesty's Legation at Tehran,* relative to the steps which, especially in view of the recent attack on Mr. Bill, till lately acting British consul at Shiraz, it is advisable to take in order to bring about the restoration of order and security on the roads of Southern Persia.

I am to state that, in view of the objections set forth by Mr. Marling, in his telegram No. 197 of the 29th ultimo, to the proposal to urge the Persian Government to enlist the services of Soulet-ed-Dowleh for this purpose, Sir E. Grey is disposed to concur in the suggestion that they should be informed that, if order is not restored within six weeks, His Majesty's Government will be obliged to increase the escort of His Majesty's consulate at Shiraz.

I am, &c.

LOUIS MALLET.

* Nos. 140, 167, 196, and 217.

[14901]

No. 287.

Foreign Office to Anglo-Persian Oil Company.

Sir,

Foreign Office, May 6, 1910.

I AM directed by Secretary Sir Edward Grey to inform you that, according to a telegram from His Majesty's chargé d'affaires at Tehran, an official of your company, who has just arrived at Mohammerah, reports that they have had to close down their works almost completely owing to the behaviour of the Bakhtiari guards.

Mr. Marling adds that he is making representations to the Bakhtiari khans at Tehran on the subject.

I am, &c.

LOUIS MALLET.

[15550]

No. 288.

Foreign Office to Imperial Bank of Persia.

Sir,

Foreign Office, May 6, 1910.

WITH reference to your letter of the 27th ultimo and previous correspondence relative to the proposed arrangement for the amalgamation of the debts due by the Persian Government to the Imperial Bank of Persia, I am directed by Secretary Sir Edward Grey to inform you that His Majesty's Government agree to the inclusion in the scheme of the Anglo-Indian loans of 1903 and 1904, and to the postponement by means of a separate agreement of the repayment of the capital of those loans for three years from the present date, on the understanding that—

1. A formal agreement is entered into by the Persian Government which will enable the Imperial Bank of Persia to encash through its agents in due course the whole of the customs receipts of the ports of the Persian Gulf, including Mohammerah and Ahwaz.

2. The bank will retain a sufficient proportion of the sum so encashed to pay the amounts due for interest on the Anglo-Indian loans, the payments being made in monthly instalments.

3. The collateral security of the revenue of the Posts and Telegraphs and of the Caspian fisheries is still preserved for the service of the Anglo-Indian loans.

4. Interest at the rate of 5 per cent. is paid as from the 21st March last, together with the outstanding arrears.

5. The repayment of the capital of the Anglo-Indian loans will begin on the 21st March, 1913, and will be concluded in March 1928.

I am, &c.

LOUIS MALLET.

[15729]

No. 289.

*Mr. F. C. Strick to Foreign Office.—(Received May 7.)**Baltic House, Leadenhall Street, London,**May 5, 1910.*

Sir,

WITH reference to my interview yesterday afternoon with Mr. Maxwell, the following is a copy of a cablegram I dispatched to Mr. David Brown, my agent at Tehran, at 10:30 A.M. to-day:—

"If legation satisfied with letter from Persian Government, accept offer."

The offer referred to was contained in a message received from Mr. Brown, dated the 14th April, which read as follows:—

"Persian Government made a firm offer, subject to immediate reply, 30,000 tons of oxide, shipment 6,000 tons every year five years from this date up to at 40s. per ton, payable 15,000l. immediately and 30s. per ton on delivery, Persian Government not allowed to sell any other during period contract on condition that Frank C. Strick and Co. (Limited) accept responsibility on account of any lawful claim if made by

Weir, Ellinger, and Co., Manchester, in connection with contract Muin-ut-Tujjar 5,000 tons, 45s., to be cancelled if foregoing accepted."

I have, &c.

FRANK C. STRICK.

[15744]

No. 290.

Mr. Marling to Sir Edward Grey.—(Received May 7.)

(No. 215.)

(Telegraphic.) P.

HORMUZ oxide.

Tehran, May 7, 1910.

In reply to your telegram No. 128 of the 5th May I am endeavouring to obtain copy of original firman, but I submit that the position will not be materially advanced by its production. If we can procure from Persian Government an official statement to the effect that concession granted to Muin-ut-Tujjar lapsed in 1905, and that statement is communicated to Strick's agent, would it not be possible for latter safely to sign contract with undertaking to assume Persian Government's responsibility towards Weir. In the event of the Persian Government's assurance proving to be false, Strick's liability towards latter firm assumed on the faith of it will, I presume, be annulled.

[15759]

No. 291.

Mr. Marling to Sir Edward Grey.—(Received May 7.)

(No. 216.)

(Telegraphic.) P.

TURKS and Sheikh of Mohammerah.

Tehran, May 7, 1910.

In continuation of my telegram No. 211 of the 4th May, following telegram has been received by His Majesty's consul-general at Bushire from Mohammerah, No. 433:—

"As a result of shock resulting from bombardment, wife of Sheikh of Mohammerah, who was sister of Mohammed Chanan, has died. Vali has openly and repeatedly declared that unless his demands are satisfied immediately he will bombard Failieh.

"The Turkish gun-boat is ready to start at any moment.

"Persian consul at Bussorah has received an official letter from the vali, stating that Turkish Government will take the steps necessary to protect its rights if Mohammerah gives him any further trouble; also that he will take forcible action against Mohammerah if Mohammed Chanan is not handed over immediately. Original of above-mentioned letter has been shown to me. On the 4th May, Haji Reis returned from Ahwaz. He reported that Sheikh Khazzal was in a most perturbed state and was anxious to take action against the Turks, but he would agree to do nothing if we would send gun-boat to Mohammerah for his protection and that of Failieh. Failing this, he would be obliged to leave Failieh, which the vali had threatened, and would then raise the whole of the country from Fao to Amara against the Porte.

"Unless he takes action now, his tribesmen will see him submit passively to oppression of vali, believe he is afraid and deserted by us, and withdraw their allegiance from him.

"In these circumstances I suggest that a gun-boat be dispatched without delay, and that vali be informed by Mr. Crow and by Turkish Government that all questions between him and the Sheikh of Mohammerah can be amicably settled, and that it is unnecessary to talk of forcible action, since the settlement is rendered more difficult thereby."

[15825]

No. 292.

Mr. Marling to Sir Edward Grey.—(Received May 7.)

(No. 217.)

(Telegraphic.) P.

HORMUZ oxide.

Tehran, May 7, 1910.

I have received a telegram No. 129 from His Majesty's consul-general at Bushire on this subject, of which following is substance:—

"I learn that Seyyid-es-Sultaneh is making enquiries as to the value of the lease of Hormuz. He is also consulting indirectly with Tigrane Malcolm, who is enabled by

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his peculiar status to work in conjunction with Seyyid-es-Sultaneh. It might be advantageous that such an arrangement should be concluded, as Malcolm, who represents Strick's interests here, would give an undertaking in writing that he would endeavour to further interests of His Majesty's Government and of Strick, in his position as co-lessee."

In reply, I have given Colonel Cox a brief account of the present position here. I added that I thought that the above-mentioned combination had better, in the meanwhile, be kept in reserve.

[15826]

No. 293.

Mr. Marling to Sir Edward Grey.—(Received May 7.)

(No. 218.)

(Telegraphic.) P.

Tehran, May 7, 1910.

CONVERSION of advances.

With reference to your telegram No. 129 of the 5th May, I should be glad to be informed whether text suggested in my telegram No. 196 of the 28th April meets with your approval. Taken with bank's agreement, I think that it secures conditions specified by His Majesty's Government.

With reference to my telegram No. 191 of the 25th April: Do you assent to Persian request?

[15822]

No. 294.

Sir G. Lowther to Sir Edward Grey.—(Received May 7.)

(No. 75.)

(Telegraphic.) P.

Constantinople, May 7, 1910.

TURKS and Sheikh of Mohammerah.

Referring to Foreign Office telegram No. 94:

Following offences are alleged against sheikh by the Turkish authorities:—

Several murders and robberies having been committed at Bussorah culprits took refuge in Mohammerah, and in spite of his promise to do so sheikh refused to surrender them.

On an attempt being made to arrest a certain Mohammed Chenan, whom the Turks regard as an Ottoman subject, sheikh extended protection to him, on the pretext that he is chief of a tribe vassal to him.

Vali alleges that the Ottoman troops, who had been sent to evict peasants from land of a certain proprietor in the neighbourhood of Zein, which is situated on Turkish side of the Shat-el-Arab, were met with threats and obstruction—an attitude which led to the bombardment of that place.

Mr. Crow is employing a certain Hadji Reis as an intermediary between the Turkish authorities and the sheikh. The vali is at present on a tour through his province. Hadji Reis had a satisfactory interview on the 5th May with the acting governor, with a view to bringing about a peaceable solution. On the 6th May Mr. Crow instructed Hadji Reis to impress on sheikh that he must understand Turkish wish for reform was genuine, and that the sheikh on his side must aid Turks in suppressing crime; that he must also keep a better hold on his own people, and refrain in future from creating trouble in the vilayet.

Mr. Crow's telegram then continues as follows:—

"Assurances on above points may well be required from us by Ottoman authorities. Acting governor will grant Hadji another interview to-morrow, and his Excellency should then be in a position to communicate to him result of his telegraphic correspondence with the vali. The latter, on the 26th April, sent two communications to Persian consulate at Bussorah, setting forth Turkish grievances against sheikh, and stating he would be obliged to consider Mohammerah as included in area of pursuit unless Mohammed Chenan was forthwith handed over. A further complication has been added by the death, from shock, of wife of sheikh during the bombardment of the Zein residence of sheikh's mother, but the Persians will make a point of this event."

[15824]

No. 295.

Sir A. Nicolson to Sir Edward Grey.—(Received May 8.)

(No. 143.)

(Telegraphic.) P.

St. Petersburg, May 8, 1910.

GERMANY and Persia.

On his way through Berlin M. Isvolsky had an interview with the German Minister of Foreign Affairs. M. de Schoen was aware of the terms of the note which the Russian and British representatives at Tehran addressed to the Persian Government on the 7th April last; his Excellency expressed to M. Isvolsky surprise that it had been thought necessary to convey such a warning to the Persian Government. He said that all Germany wanted was the open door for her trade, and he gave many assurances to the effect that there was no intention on the part of Germany to ask for concessions of any kind. M. de Schoen, in short, used the same language to M. Isvolsky as was employed by the German Ambassador here (see my private letter of the 5th May to Sir C. Hardinge).

I took the opportunity of pointing out to M. Isvolsky that both the tone and substance of the language now used by Germany differed widely from those employed in the German note to the Russian Government and in the conversation which the German Chancellor had had with His Majesty's Ambassador at Berlin.

[15834]

No. 296.

Sir G. Barclay to Sir Edward Grey.—(Received May 9.)

(No. 47.)

Sir,

Tehran, March 28, 1910.

I HAVE the honour to transmit herewith a list of the chiefs of the foreign missions in Tehran.

The last list was forwarded in Mr. Marling's No. 82 of the 14th April, 1908.

I have, &c.

G. BARCLAY.

Enclosure in No. 296.

List of Heads of Foreign Missions in Tehran.

Hassib Bey, Ottoman Ambassador, the doyen, presented his credentials in September last. I have seen little of him, as he has been ill during a considerable part of the last six months. On his arrival he lost no opportunity of giving public utterance to his desire to promote the solidarity of the two Musulman Powers—an attitude which it was pointed out in the Persian press fitted ill with the continued Turkish encroachments on the Persian frontier. He is a pleasant, well-mannered elderly gentleman, though the suggestion which he is reported from St. Petersburg to have made that the Powers should intervene for the withdrawal of the Russian troops from Persia does not speak well for his intelligence, and shows that he is not as harmless in his intentions as he seems.

M. de Roethorn, Austro-Hungarian Minister, and *Count Albert de Quadt-Wykradt-Iany*, German Minister, have been noticed in the preceding review.

Baron Romano Avezana, Italian Minister, presented his credentials in April 1908. Tehran is Baron Romano's first post as Minister; he had previously served as Secretary at Belgrade, Peking, and Tokyo. I have found him in all respects a good colleague, intelligent, agreeable, and of imperturbable temper. He has a pleasant American wife from the southern States. Both are exceedingly popular in the European colony here, but, unfortunately for Tehran, they are on the eve of their departure for Rio, their new post.

M. Raymond Lecomte, French Minister, presented his credentials in June 1908. At the time of his appointment apprehensions were felt that he might have German leanings. These apprehensions have proved unfounded, and M. Lecomte is entirely orthodox in his dislike and distrust of Germany. M. Lecomte is clever and witty, and

those whom he likes find him very agreeable, but his wit verges at times on the coarse, and he is touchy and easily takes strong dislikes. I have not always found him a wholly desirable colleague. It is obviously the duty of a French Minister in Tehran to do everything to promote confidence between the British and Russian Legations. He has not invariably been happy in the way he has discharged this rôle.

M. Havenith, Belgian Minister, presented his credentials in the autumn of 1908. He has a rich, pretty, and agreeable American wife from Washington. They have been in mourning practically ever since their arrival, at first for his father-in-law and afterwards for the late King of the Belgians. They have observed their mourning with extreme conscientiousness. They are giving to-night their first dinner party since my arrival. My official dealings with M. Havenith, who adheres most scrupulously to a non-political rôle, have been few, and my acquaintance with him has been mostly over the bridge table. He is a good player, but an unlucky one, and minds losing.

M. Poklewski Koziell, Russian Minister, presented his credentials at the end of September last.

M. Poklewski is so well known in London that he calls for no notice from me. Our relations since his arrival have been uninterruptedly of the most cordial kind. There have been moments when I have thought him unnecessarily hard and domineering with the Persian Government. My friendly remonstrances have not always had practical results, but they have been invariably taken in good part.

With the ministrations of an excellent *chef* and an occasional game of threepenny bridge M. Poklewski bears with praiseworthy equanimity his temporary exile from the big European capitals.

Mr. Russell, American Minister, presented his credentials on the 26th instant.

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No. 297.

Sir G. Barclay to Sir Edward Grey.—(Received May 9.)

(No. 50.)
Sir,

Tehran, April 8, 1910.

WITH reference to my telegram No. 145 of yesterday's date, I have the honour to transmit herewith copy of the joint note which my Russian colleague and I have addressed to the Persian Government, in accordance with our instructions, defining the attitude of the two Powers in regard to the right of the Persian Government to borrow of parties other than the two Governments, and in regard to the granting to third parties of concessions in Persia which might prejudice British or Russian political or strategical interests.

Shortly after we had presented this note, M. Poklewski received secret information from the Prime Minister to the effect that a project had been mooted for giving Sani-ed-Dowleh, Minister of Public Works, and Vosouk-ed-Dowleh, Minister of Finance, a free hand to negotiate financial arrangements with anyone they chose. This intelligence was more particularly disquieting in view of the presence in Tehran of M. Seyyid Rucie, representative of the Deutsche Bank, and of the recent announcement of the German Minister for Foreign Affairs to the Russian chargé d'affaires that, as German financial circles were showing interest in Persia, railway concessions might be granted at any moment. We had also to think of the negotiations with the International Syndicate, which we knew had not been dropped. We have recently had several experiences of the secrecy with which financial negotiations can be conducted in Tehran, *vide* those with the International Syndicate and those with the Imperial Bank of Persia relating to the importation of silver for minting purposes and the conversion of the debt, of none of which the two legations had first cognisance from Persian sources. We therefore feared that unless we acted promptly and energetically we might be confronted with a *fait accompli*. I have already reported our action by telegraph, and I now enclose a memorandum by Mr. Churchill recording it in detail.

I have, &c.

G. BARCLAY.

Enclosure 1 in No. 297.

Joint Note communicated to Persian Government.

M. le Ministre,

Téhéran, le 25 mars (7 avril), 1910.

EN réponse à la note de votre Excellence en date du 8 rabbi-ul-avval, nous soussignés, Ministres d'Angleterre et de Russie en Perse, avons l'honneur de porter à votre connaissance que les Gouvernements d'Angleterre et de Russie sont prêts à reconnaître le droit du Gouvernement persan à emprunter de l'argent en dehors des deux Gouvernements, mais seulement aux conditions suivantes :—

1. Les revenus de la douane et autres revenus servant de garantie aux emprunts anglais et russes ne peuvent dans aucun cas servir de garantie à de nouvelles opérations financières.

2. Toutes les dettes du Gouvernement persan à l'Angleterre et à la Russie doivent préalablement faire l'objet d'un engagement formel spécial qui établira une annuité définie d'intérêts et d'amortissements avec l'indication des sources des revenus qui serviront de garantie pour la régularité des versements annuels.

En outre, nous avons l'honneur de vous faire savoir que l'Angleterre et la Russie, tout en ne pas entravant les droits des nationaux d'autres Puissances aux entreprises purement commerciales en Perse, ne peuvent en aucun cas admettre qu'il soit accordé aux nationaux d'autres Puissances étrangères des concessions qui puissent porter atteinte à leurs intérêts politiques ou stratégiques en Perse.

Les soussignés, &c.

G. BARCLAY.

S. POKLEWSKI-KOZIELI.

Enclosure 2 in No. 297.

Memorandum by Mr. Churchill.

M. SARANOWSKY and I to-day called on the Minister for Foreign Affairs (Moavin-ed-Dowleh), and said we were instructed by the British and Russian Ministers to tell him that, in view of the reports which had reached them concerning certain negotiations said to be actually in progress, we were going on to see the Minister of Public Works (Sani-ed-Dowleh) and the Minister of Finance (Vosouk-ed-Dowleh) to convey a message of warning to them.

Moavin-ed-Dowleh, in the course of the conversation which ensued, said that there was a strong divergence of policy among the members of the Cabinet, which made his position a very difficult one. He was opposed to Sani-ed-Dowleh's policy, and he realised the danger to Persia of the course he was apparently pursuing. He could not understand what advantage was expected from the grant of concessions, whereas he saw many disadvantages. He added, however, that he was officially unaware of any negotiations beside those with the International Syndicate, though he might have heard of them indirectly, just as we had.

We then called on Sani-ed-Dowleh, to whom M. Saranowsky read the joint note of the 7th April. He then said that, the British and Russian Ministers having heard that the negotiations with the International Syndicate had throughout been conducted by Sani-ed-Dowleh and the Finance Minister independently of their colleagues, and that, further, secret negotiations were in progress with the object of granting a concession to another party, we had been instructed to say that these reports cause the two Ministers great uneasiness. Our attitude with regard to loans from third parties and as to concessions had been defined in the note just read to him, and we were instructed to say that, unless he could give us a definite pledge that such negotiations for arrangements which conflicted with our attitude as defined in the note would not be continued by him, the two Ministers would be compelled to insist upon his dismissal from office.

Sani-ed-Dowleh replied that the two legations would, of course, do exactly as they pleased in regard to demanding his dismissal, but he desired to say, firstly, that the report that he and the Finance Minister were conducting negotiations behind the backs of their colleagues was untrue; and, secondly, though there had been negotiations with the International Syndicate, the particulars of which had been communicated to the British Legation through Muin-ul-Vizarch, they were not conducted behind the

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backs of the rest of the Cabinet Ministers, and, moreover, in no way ran counter to the stipulations contained in our joint note; finally, he declared that, as to concessions, there was no necessity to speak in parables. We were referring to Germany, and he could tell us that he had not seen M. Ruete, nor had he any idea what that gentleman desired to obtain. He could tell us positively that no negotiations, so far as he knew, were in progress as to a concession for a railway from Khanikin to Tehran, and he added that his personal view was that it would not be in Persia's interests to grant railway concessions to any foreigners. If railways were ever built in Persia, the enterprise should be in Persian hands.

We pointed out that, as to the negotiations with the International Syndicate, he would observe from the second paragraph of the joint note that we laid it down that, before any new financial engagements were made by the Persian Government, the floating debts to Great Britain and Russia must first be regularised.

We then called on the Minister of the Interior (Sardar Assad), to whom we gave an account of our mission in the same terms as already stated to the Minister for Foreign Affairs. He told us that it was undoubtedly true that Sani-ed-Dowleh pursued an independent policy, and we understood that he was not displeased at the step taken by the two Ministers, as it might bring Sani-ed-Dowleh to reason. He told us that, at a Cabinet Council yesterday, he had proposed that the Minister of Finance should be given a free hand to conduct negotiations with the object of obtaining a loan, but this did not mean that he was actually to conclude them. His intention had been that, when the negotiations were maturing, the project should be put before the Cabinet for submission to the Medjliss. The matter had, however, not been definitely decided. We said we thought such a proposal, if acted upon, would be most dangerous, and we hoped the Cabinet would not give either Sani-ed-Dowleh or Vosouk-ed-Dowleh a free hand, as it might lead to the most dangerous complications.

We proceeded to visit the Finance Minister (Vosouk-ed-Dowleh), to whom we held similar language to that employed with Sani-ed-Dowleh, though the form of the communication was considerably less dry. Though he did not mention the Germans, the Finance Minister gave us a satisfactory reply, much in the sense of that of Sani-ed-Dowleh. He emphatically declared that no negotiations were in progress as to any concessions, and that, if offers had been made from other quarters (as he had stated to me some days before), no notice had been taken of them.

Later in the day, after I had given an account of our proceedings to Naser-ul-Mulk, who seemed to consider the steps taken by the two Ministers to have been judicious under the circumstances, M. Baranowsky and I called on the Prime Minister (Sipahdar), to whom we also gave an account of what we had done.

We impressed these points upon the Sipahdar that—

1. On no account should the Ministers of Public Works and Finance be given a free hand; and

2. Before concluding anything with the International Syndicate, an arrangement must be come to with Great Britain and Russia as to the floating debts.

G. P. CHURCHILL.

Tehran, April 8, 1910.

[15840]

No. 298.

Sir G. Barclay to Sir Edward Grey.—(Received May 9.)

(No. 54.)

Sir,

Tehran, April 12, 1910.

IN reply to your despatch No. 33 of the 7th March, respecting the Zil-es-Sultan's request for the unofficial support of the British and Russian Legations in the matter of His Imperial Highness's properties at Ispahan, I have the honour to report that His Highness Prince Akber Mirza has come to an understanding with the Persian Government by which the properties in question have now been released.

You will remember that when the Zil-es-Sultan was detained at Resht last summer, he was forced to pay 20,000*l.* in cash and to promise a further 40,000*l.* in instalments. As, however, His Imperial Highness did not show any inclination to meet this undertaking, the authorities brought pressure upon him by seizing certain of his villages at Ispahan. Akber Mirza, after endeavouring unsuccessfully to invoke the assistance of the British and Russian Legations, finally entered upon direct negotiations with Vakil-ul-Roaya, the deputy, who is apparently in charge of all these financial matters. His first inclination was to make the payment of this money a

condition for his father's return to Persia, and he very nearly succeeded; but Sardar Assad's opposition was apparently the main obstacle, and as it was essential to get back the Ispahan villages, he eventually agreed on his father's behalf to a settlement on the following basis:—

£14,000 to be deducted on account of the Zil-es-Sultan's subscription to the proposed national bank in 1908. The balance to be paid in seven monthly instalments, of which 6,000*l.* has already been paid down. In view of the formal engagement entered into on the above basis, the Ispahan properties have now been handed back to the Zil's agent.

In these circumstances, I have not taken any action on your despatch under reply.

I have, &c.

G. BARCLAY.

[15841]

No. 299.

Sir G. Barclay to Sir Edward Grey.—(Received May 9.)

(No. 55.)

Sir,

Tehran, April 13, 1910.

IN reply to my reminder to the Persian Government respecting our claim on behalf of Lloyd's on account of Mr. Castelli's carpets stolen by Rahim Khan, I received a note stating that when the Persian Government succeeded in obtaining Rahim Khan's extradition the necessary measures would be taken for the restitution of the carpets in question. I replied that the responsibility of the Persian Government in the matter could not be regarded as in any way dependent on Rahim Khan's extradition.

I have now received a further note from the Persian Government stating that if their negotiations with the Russian Government for Rahim Khan's extradition were successful justice would be done, but should he remain in Russia, and should the Persian Government be unable, therefore, to take measures against him, no responsibility would rest with them.

Before pursuing the correspondence further, I should be glad to know whether you concur with me in thinking that the Persian Government must be held responsible for this robbery committed by Rahim Khan when in command of a force of irregular troops under the ex-Shah.

I have, &c.

G. BARCLAY.

[15842]

No. 300.

Sir G. Barclay to Sir Edward Grey.—(Received May 9.)

(No. 56.)

Sir,

Tehran, April 14, 1910.

IN my despatch No. 22 of the 16th February, I forwarded a copy of the joint note in which my Russian colleague and I stated the conditions on which His Majesty's Government and the Russian Government were prepared jointly to advance 400,000*l.* to the Persian Government, and I now have the honour to transmit copy of the Persian Government's reply. Incidentally, I should mention that in my telegraphic summary of this note I reported that it described our conditions as being incompatible with Persian independence. It would have been more correct to say that it described them as open to the suspicion of being incompatible with Persian independence.

In view of this reply, I fear that it would serve no useful purpose to pursue the negotiations further until the Persian Government apply to us again. We cannot of course abandon at once all our conditions, and I am given to understand that, even were we to insist only on our committee of control, there would be small chance of the Medjliss accepting our advance.

Whether if we had been able to make our offer promptly it would have been accepted cannot of course be said with certainty, but at any rate it would have had a much better chance. The delay of two months strengthened the party opposed to the advance and the continued presence of the Russian troops, producing as it did an acute development of anti-Russian feeling, created an atmosphere very favourable for agitation against Anglo-Russian assistance. Attention was turned to other means of obtaining money. The negotiations with the international syndicate, the project of an internal loan, the institution of a salt monopoly—a project of Sani-ed-Dowleh's from

which great results are expected—are schemes the realisation of which may fall short of expectations, but the financial outlook is undoubtedly better than when the Persian Government applied for the advance. Then they appeared to be, and I believe were, in almost desperate straits. Now, not only is the malat coming in well from many of the provinces, but there are the Crown jewels, which the report of the Paris expert shows to be a tangible and very valuable asset. It was possibly because the Persian Government were awaiting the expert's conclusion that their reply to our offer was so long delayed. His valuation has made it plain that the Persian Government have the means of raising a considerably larger sum than the two Governments were prepared to advance.

I have, &c.
G. BARCLAY.

Enclosure in No. 300.

Note communicated to Sir G. Barclay by Persian Government.

IN answer to the communication dated the 5th Sefer, 1328, signed by his Excellency Sir George Barclay and his Excellency M. Poklewski-Koziell, respecting the advance and loan proposed by the Persian Government to the British and Russian Governments, it is submitted with the highest respect that your Excellency's sense of justice will of course cause you to admit that in the matter of a loan the only conditions which can be entertained are those relating to the fixing of interest, the term of amortisation, and the manner of its repayment.

In these circumstances, regarding the advance and loan which were under discussion between the Ministers of my Government and the two legations, in view of the friendly relations between the two Governments, there was no expectation of any conditions beyond those relating to the amount, the interest, the source of revenue for repayment, and the manner of repayment, especially in the event of a portion of the conditions referred to above being suspected of incompatibility with the principles of the freedom and independence of the State.

Regarding the points relating to financial reform and the means of maintaining order and security also, as your Excellency is aware, these two points were included in the programme submitted by the Ministers to the National Assembly. As a portion of the advance and loan was set apart for the realisation of these desiderata, it may be confidently surmised that your Excellencies consider these two points to be the most essential in your estimation for the progress of the State and for the increase of trade. In these circumstances you will of course admit that the thing which was communicated and put forward by the two legations, on the strength of the friendly feeling of their respective Governments, had already been made one of their principal and first duties by the Persian Government.

Your Excellency will therefore agree with me in thinking that the inclusion of these two questions in the conditions was unnecessary and undesirable.

In view of the constant willingness of the British Government for the strengthening of the friendly relations between the two Governments, the Persian Government expect that in this question the only conditions proposed will be those relating to the sum, the interest, the period of amortisation, and the manner of repayment, which after the observation of legal formalities would be put into execution.

IBRAHIM (MOAVIN-ED-DOWLEH).

26 Rebbi ul Aaval, 1328 (April 7, 1910).

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No. 301.

Mr. Marling to Sir Edward Grey.—(Received May 9.)

(No. 59.)
Sir,

Tehran, April 21, 1910.

I HAVE the honour to transmit herewith the monthly summary of events in Persia for the past four weeks.

I have, &c.
CHARLES M. MARLING.

Enclosure in No. 301.

Monthly Summary of Events in Persia for four weeks ending April 21, 1910.

Tehran.

MR. RENNIE and Major Stokes left Tehran on the 4th April. Mr. Marling arrived on the 14th April, and Sir G. Barclay left on the 20th.

Mr. Oudendyk, the newly appointed Dutch Minister, has not yet arrived, but Mr. Russell and Mr. Rosthorn arrived at the end of March. Mr. Said Rueto, who came at the same time, has been occupied so far "studying the prospects of a proposed branch of the Deutsche Bank at Tehran," and an extension of the Bagdad Railway from Khanikin to Tehran. It does not appear that he has yet entered into any negotiations with the Persian Government.

On the 7th instant the British and Russian Legations received the Persian Government's reply respecting the conditions laid down for a joint advance of 400,000*l.* On the same day a joint note was addressed to the Persian Government by the two legations laying down certain principles respecting loans and concessions. The following day the Dragomans of the two legations called together on most of the Cabinet Ministers to draw their particular attention to the joint note above referred to. To Sani-ed-Dowleh and Vosouk-ed-Dowleh, who had secretly negotiated with the international syndicate and were suspected of pursuing a policy independent of the Premier and Minister of the Interior, the representations were of a somewhat pressing character. They were informed that should they pursue a policy which ran counter to that defined by the two Governments in their joint note, the two legations would demand their dismissal. A few days later the Premier and Minister of the Interior tendered their resignations to the Regent in consequence of continued disagreement with their colleagues, and the Cabinet is now being reconstructed.

Sattar Khan and Bagher Khan, the heroes of the defence of Tabreez last year, arrived at Tehran on the 15th instant, and were accorded a public ovation. It will be remembered that they were removed from Tabreez in consequence of strong Russian pressure, and it was hoped that they would not be allowed to come to Tehran. Their eventual movements have as yet not been decided upon, but there is some talk of either inviting them to go to Kerbela or appointing them to some minor provincial governorships.

Mr. Falkenberg left on the 9th instant after having valued the Crown jewels. His valuation was based on the approximate prices they would fetch if sold by auction in Paris. Though he was bound to secrecy, and not allowed to take any notes, he informed the French Minister privately that he thought the jewels he had seen would fetch roughly 20,000,000 fr. It does not seem at present likely that the Persian Government will dispose of these jewels.

Vakil-ul-Roaya, a deputy who appears to take a leading part in financial matters, has lately been negotiating with the Imperial Bank with the object of unifying the various floating Government debts to the bank which amount to some 700,000*l.* It is proposed to reduce the interest from 12 to 7 per cent., and to arrange for the repayment of interest and sinking fund in twenty equal yearly instalments guaranteed by the customs of the south including Mohammerah and Ahwaz. The question of including the Government loans of 1903-1904 is under discussion, but difficulties present themselves in view of the collateral guarantees attached to these loans of the Posts, Telegraphs, and Caspian Sea Fisheries.

The National Assembly.

The deputies are now some sixty in number, and are divided into two principal groups, known generally as the "extremists" and "moderates." The former is described by Naser-ul-Mulk as a "noisy minority," and is said to be composed of only fourteen persons, including Taki Zadeh and Hussein Kuli Khan. They are violently opposed to the Prime Minister (Sipahdar) and, in a lesser degree, to the Minister of the Interior (Sardar Assad). They look upon the former as a tool of the Russian Legation, and as they are intensely suspicious of Russia, their chief aim is first to rid themselves of the Prime Minister. The working majority of "moderates," which is probably not composed of more than some thirty members, realise that the best chance of success lies in the support of the two chiefs, Sipahdar and Sardar Assad, and a patient attitude

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towards Russia. On the 4th instant the two parties had a trial of strength over the re-election of a president and other officers, as well as the election of members for the various committees, all of whom were until then only elected temporarily. The moderates obtained the re-election of their president (Mustashar-ed-Dowleh) and the former vice-presidents, but of the six members of the committee for foreign affairs three were extremists (i.e., Taki Zadeh, Hussein Kuli Khan, and Vahid-ul-Mulk).

An attempt is being made by the assembly to revive the attempt made by its predecessor to raise money internally, and Vakil-ul-Ro'aya is hopeful as to the result. Committees have been formed at Tehran and the provinces to collect funds, and 500,000 tomans is promised from Tabreez, but so far very little money has actually been collected.

The temporary engagement of Mr. New (of the Indo-European Telegraph Department) by the Persian Telegraph Administration, has been approved by the Assembly, but the contract has not yet been signed.

Since the Persian new year (the 21st March) the sittings have been held in the new hall, which has been fitted up at great expense for the purpose. The deputies no longer sit in rows on the floor, but are accommodated in luxurious benches arranged in tiers facing the presidential chair. Speeches are made from a tribune, and proper arrangements have been made for the diplomatic body, the public, and the press.

G. P. CHURCHILL.

Tabreez.

At the beginning of April the 400 Bakhtiari at Tabreez under Sardar Bahadur (Sardar Assad's son) left for Ardebil with 170 fedais under Yeprem, 100 Persian Cossacks, and some artillery. The object of the expedition is to deal with the Shabsaven tribe, which had recently been pillaging in the Ardebil district.

News has been received from Tabreez of further Turkish activity on the frontier. Turkish officials are levying customs duties at Jebelkend in Baranduz.

Resht.

Mr. Nekrassoff took charge of the Russian consulate-general at the beginning of April when Mr. Schritter left for Russia on transfer to Erzeroun.

Meshed.

Major Sykes left Meshed on furlough on the instant, when Captain Franklin took charge pending the arrival of Major O'Connor from Seistan.

Seistan.

Major O'Connor left for Meshed at the beginning of April, handing over to Captain Hunter, pending the arrival of Major McConaghey, who is due at Meshed at the end of April.

Ispahan.

1. Sardar-i-Ashja continues to act as governor.

2. The revolt of Karib Khan at Kumisheh terminated on the 3rd instant, when the Bakhtiari forces, said to number 1,400, attacked a fort in which Karib Khan and his followers were defending themselves. Fifteen of the insurgents were killed, and the remainder captured, but Karib Khan contrived to escape. The governor, who went to Kumisheh to direct operations, returned to Ispahan with the prisoners.

3. News having reached the legation of an attack on Mr. Bill while on his way from Shiraz to Ispahan, orders were sent by Sardar Assad to Sardar Ashja to send all the available force of Bakhtiari from Kumisheh to meet Mr. Bill and bring him safely out of the danger zone. Mr. Grahame also proceeded to the spot to ensure the carrying out of these instructions. Mr. Bill eventually reached Kumisheh safely. Although particulars have not yet been received, it is known that two Indian sowars were killed by the robbers, who were probably of the Kuhgelu tribe, and that Mr. Bill's party killed two of the robbers. The Persian Government is being held responsible for the outrage.

4. Zaffer-es-Sultaneh, the new governor of Fars, arrived at Ispahan on his way to Shiraz on the 17th instant.

Yezd.

The reports received from the acting vice-consul lay stress upon the insecurity prevailing on the roads throughout the district.

Shiraz.

Mr. Smart arrived at Shiraz on the 1st instant and Mr. Bill left on the 4th instant.

The town and province were in considerable disorder throughout March.

Kerman.

Nasrullah Khan, the native attaché, has been in charge of His Majesty's consulate for some months. Colonel Haig, who is succeeding Major Ducat as His Majesty's consul at Kerman, arrived at Tehran on the 14th instant, and is shortly proceeding to his post.

The road to Yezd has been overrun by robbers, but the Bakhtiari Governor of Yezd (Sardar-i-Jang) has taken energetic action against them, with some success.

A telegraphic report was received on the 19th instant that a large force of Baluchis was being collected in Bampur to attack Kavam-ul-Mulk, the Governor of Kerman, who is at present at Bam.

Kermanshah.

Nizam-es-Sultaneh, the new governor, appears to be doing well, and the town and province are reported to be comparatively quiet. The roads are safe, and the tribes are submissive.

Bushire.

Major Cox returned to Bushire on the 1st instant.

As the Central Government were about to dismiss Darya Beggi, the Governor of Bushire, Major Cox urged the legation to bring pressure at Tehran with the object of retaining him. Sardar Assad at first appeared to be very firmly resolved to uphold the decision to replace Darya Beggi, but eventually gave way and confirmed Darya Beggi for another year.

An important feature in the south of Persia is the recent coalition between the Sheikh of Mohammerah and Soulet-ed-Dowleh, the chief of the Kashgai tribe. It appears that the vali of Pusht-i-Kuh and some minor chiefs, such as those of Dashti and Dashtistan, are likely to join the coalition which is aimed against the ascendancy of the Bakhtiari at Tehran. The Bakhtiari again are divided into two factions, viz.—Sardar Assad and his brothers on the one side and their cousins on the other. The cousins are in touch with the southern coalition, and are in secret agreement with the Sheikh of Mohammerah and Soulet-ed-Dowleh. The recent agreement concluded between the two latter, declared that it was concluded for the following purposes:—

1. Protection of Persia.
2. Complete Constitutional Government.
3. Maintenance of security for trade and trade routes.
4. Extension of friendship to other tribes anxious to preserve the independence of Persia and the constitution.
5. Mutual support for defensive purposes.
6. Support of the national assembly to enable it fearlessly to perform its duties and to deal effectively with self-seekers.

Mohammerah.

On the 16th March, Messrs. Lynch's new screw-tunnel steam launch the "Bulbul" was brought out in pieces. It is to be used on the lower Karun.

There is some likelihood of a French consular agent being appointed.

The question of the liability of the oil company to pay duty on certain imports has practically been settled.

G. P. CHURCHILL.

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No. 302.

Mr. Marling to Sir Edward Grey.—(Received May 9.)

(No. 61.)
Sir,

Tehran, April 22, 1910.

IN amplification of my telegram No. 182 of the 20th April, I have the honour to transmit herewith paraphrase of a telegram from His Majesty's consul at Tabreez, respecting the levy of customs duties by the Turks on the Turco-Persian frontier.

I have, &c.

CHARLES M. MARLING.

Enclosure in No. 302.

Consul Shipley to Sir G. Barclay.

(No. 41.)

(Telegraphic.) P.

Tabreez, April 19, 1910.

MY Russian colleague has received a letter dated the 14th April, from Russian vice-consul at Urumia, reporting that the Turks have been levying customs duties on goods belonging to a Russian subject at Jebelkend, in Baranduz. Russian vice-consul, as proof of this report, has adjoined a printed customs form in Turkish language, which my Russian colleague has shown to me, and on which the receipt of the sum of 170 piastres from the muleteer is acknowledged and expressly stated to be 1 per cent. *ad valorem* duty on goods transported into Persia from Solduz. The form carries the seal of a certain Abdel Kader, and contains the usual specification as to quantity, value, &c. It is headed, however, by the Hejaz Railway, and bears the words—"there were on stamps" in the space where the Government receipt stamp should be. So far, I am ignorant of the identity of the individual in question, and it is possible that the Turkish authorities may disavow his action, but it cannot, I think, be denied that dues have been collected by him, and that such action, without the backing of Turkish troops in the neighbourhood, would not have been possible.

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No. 303.

Sir A. Nicolson to Sir Edward Grey.—(Received May 9.)

(No. 212.)
Sir,

St. Petersburg, April 28, 1910.

M. SAZONOFF asked yesterday whether I could tell him in what light His Majesty's Government viewed the project of a large loan to be made to the Persian Government by a powerful group of French banks. I replied that I had no information as to the views of His Majesty's Government on the subject.

M. Sazonoff observed that he could not imagine that it would be possible to find securities sufficient to guarantee the interest on a loan of such dimensions as 8,000,000*l.* The interest could hardly be less than about 500,000*l.* a-year, and Persia possessed no available revenues which could meet such a requirement. I remarked that probably we should hear before long more details as to the scheme, which I understood was an option remaining open for a period of four months. M. Sazonoff said that the negotiations carried on by M. Cohen with great secrecy had, according to his information, been solely with one member of the Persian Cabinet, and that neither the Persian Government as a whole nor the Medjliss had had any cognisance of the matter. He had spoken to M. Louis on the subject, and the latter had assured him that the French Government, as soon as they had been made acquainted with what was passing, had lost no time in informing the Russian and British Governments.

M. Louis had spoken to me in the same sense, and had regretted the methods which "international financiers" were now adopting for promoting large schemes, possibly of a serious political character, without the knowledge of the Governments interested. In the ultimate resort the financiers would doubtless be obliged to have

resource to their Governments; but the action of the latter would be considerably hampered when they were made acquainted with the matter, as affairs would probably have advanced to such a stage as to render it difficult to control them.

I have, &c.

A. NICOLSON.

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No. 304.

Sir A. Nicolson to Sir Edward Grey.—(Received May 9.)

(No. 217.)
Sir,

St. Petersburg, May 3, 1910.

I ENQUIRED of M. Sazonoff on the 30th ultimo what view the Russian Government took of the Turkish reply in regard to reported Turkish encroachments in the Urumia districts, but his Excellency could at that time give me no answer, as he was not in possession of the terms of the Turkish communication. I called on M. Sazonoff this afternoon and gave him a memorandum embodying the information which you had received from Sir Gerard Lowther, and which you had been kind enough to communicate to me. M. Sazonoff had also in the meantime been supplied from M. Tcharykoff with the Turkish reply, and he handed me a memorandum, of which I have the honour to transmit a copy. The information which I was in a position to give M. Sazonoff was more detailed than that set forth in his memorandum. His Excellency observed that the statements furnished to Sir G. Lowther were not accurate, and he considered that the only means of clearing up the matter would be for the two Governments to send consular employes accompanied by Turkish and Persian delegates to examine the situation on the spot. I would observe, he said, that Count Benckendorff had been instructed to suggest this course to you, and if you concurred he thought that the consular delegates should be provided with a small escort.

I have, &c.

A. NICOLSON.

Enclosure in No. 304.

Memorandum communicated to Sir A. Nicolson by M. Sazonoff.

LES Ambassadeurs de Russie et de la Grande-Bretagne à Constantinople se sont informés auprès du Ministre des Affaires Étrangères de Turquie des résultats de l'enquête opérée par les autorités ottomanes au sujet des renseignements sur la situation dans la province d'Ourmia qui lui avaient été communiqués par les deux représentants. Le Ministre a répondu à Sir Gerard Lowther que le nombre des troupes turques occupant le territoire persan n'a pas été et ne sera pas augmenté, mais que les mouvements et la distribution de ces troupes sur les lieux dépendent des autorités militaires locales. Le Ministre a parlé également de la reprise prochaine des travaux de la Commission de Délimitation turco-persane, mais sans préciser quelle sera la carte qui servirait de base aux négociations. Rifaat Pacha se plaignit en même temps à Sir G. Lowther de ce que les Persans auraient soi-disant occupé une partie du territoire turc au sud, mais il n'a pas pu indiquer l'endroit d'une manière précise.

Une réponse dans le même sens a été donnée à M. Tcharykoff par Rifaat Pacha, qui lui a déclaré que les autorités turques ont reçu l'ordre de suspendre la perception non seulement des droits de douane, mais encore de tous autres impôts sur territoire incontestablement persan, jusqu'au moment où la Commission de Délimitation aura établi le tracé de la frontière d'une manière définitive.

Les déclarations du Ministre des Affaires Étrangères étant manifestement évasives le Gouvernement Impérial ne saurait les considérer comme satisfaisantes. En conséquence l'Ambassadeur de Russie à Londres a été chargé de porter à la connaissance de Sir Edward Grey que nous jugeons le moment opportun pour soulever à Constantinople la question de l'envoi d'une commission mixte d'enquête composée de délégués russes, anglais, et turcs, qui se rendrait dans la zone entre le Lac d'Ourmia d'une part et le territoire incontestablement turc de l'autre pour étudier la situation sur les lieux avec l'aide des autorités locales persanes.

Saint-Petersbourg, le 20 avril (3 mai), 1910.

[1722]

20

[15880]

No. 305.

Sir A. Nicolson to Sir Edward Grey.—(Received May 9.)

(No. 218.)

Sir,

St. Petersburg, May 3, 1910.

I SPOKE to M. Sazonow to-day as to the situation at Tehran, and the apprehensions which were felt, apparently, by Mr. Marling and M. Poklewski as to the course which some members of the reconstructed Cabinet might possibly follow. I based my observations on the views expressed in your telegram No. 120 to Mr. Marling of the 2nd instant. M. Sazonow remarked that he considered that it would be prudent to avoid the appearance of attempting to dictate the composition of a Persian Cabinet, though it was necessary to safeguard British and Russian interests from ill-considered action on the part of any members of the Cabinet. The Sani-ed-Dowleh, Minister for Foreign Affairs, and the Minister of Finance, were understood to have pronounced German sympathies, and he was of opinion that the Persian Government should be made clearly to understand that the Russian and British Governments intended to maintain the line of policy outlined in the note of the 7th April. He had already telegraphed to M. Poklewski to recall to the Persian Government the existence of article 14 in the Loan Contract of 1900, which bound the Persian Government previously to consult with the Russian Government as to any loans or advances from third parties. This article was still in force, and the Russian Government had no intention of surrendering a weapon which would be, possibly, of great utility. To his mind the best course for the two Governments to pursue would be for the British and Russian representatives to apply for an audience of the Regent, and to request His Highness to cause a reply to be sent without delay to the joint note of the 7th April. If within a limited period, say a week or so, no reply were received, or if the reply were unsatisfactory, then a joint note should be presented to the Persian Government informing them that if they acted contrary to the policy formulated by the two Governments in the above-mentioned note, the latter would adopt such measures as they might consider most advisable for the protection of their interests. M. Sazonow said that it would be of little use addressing the Persian Government before approaching the Regent, and he considered that the two representatives should at once ask for an audience of the latter.

The question of what measures should be adopted by the two Governments could in the meantime be considered. M. Poklewski had suggested three alternatives: (1) boycott of the new Cabinet; (2) seizure of custom-houses; or (3) advance of Russian troops to Tehran. The last alternative must be laid aside. The Russian Government had no intention of taking such a step. In regard to the other two alternatives he would be glad to have the views of His Majesty's Government.

I have, &c.

A. NICOLSON.

[15891]

No. 306.

Sir E. Goschen to Sir Edward Grey.—(Received May 9.)

(No. 130.)

Sir,

Berlin, May 5, 1910.

IN the course of a conversation which I had with Herr von Schoen yesterday, his Excellency spoke to me somewhat plaintively of the present tone of the British press, which was, he said, attributing to Germany all sorts of designs in Persia, for which there was not the slightest foundation. It was to him quite inexplicable that the press should take up that attitude in the face of all the declarations of the Imperial Government, to the effect that they had no political designs or aspirations whatever as regards Persia. All Germany wanted was the open door for her commerce, and a legitimate share for her capital in loans and other non-political undertakings. Surely that was not too much to ask, considering that Persia was an undeveloped country and opened a new field for foreign enterprise. If the Imperial Government were to consent to Germany being shut out of Persia altogether, they would certainly, and with some justice, be attacked from all sides by public opinion for slackness and neglect of German interests. I said that there was no question of the door being shut, but that, on the other hand, the political and strategic interests of both Russia and ourselves as limitrophe Powers, were so important that we had to keep a very watchful eye on anything which might have the appearance of affecting them. His Excellency said that that was fully recognised in Germany, but that it would be difficult to

persuade German public opinion that railway monopolies were consistent with the "open door." In answer to an observation which I thought fit to interpose, his Excellency said that he knew we used the word "options," and not "monopolies," but German public opinion would not appreciate or understand this fine distinction.

Returning to the tone of the British press, he said that he was sure I would agree that it was quite unjustifiable, in view of Germany's loyal and straightforward attitude as regards Persia. I said that I had read a good many articles on Persian affairs both in the British and the German press, and there was no doubt that on both sides language had been held which displayed a certain amount of irritability and suspicion. I did not know how far British journalists were acquainted with the assurances of the Imperial Government as regards Persia, but I was inclined to think that the dispatch of an agent of the enterprising Deutsche Bank to that country had given rise to a certain amount of suspicion. His Excellency said that the Imperial Government had had nothing whatever to do with that gentleman's expedition; they had neither advised it, nor had they any knowledge of its object. All he himself knew was that the man was in Persia, and that if his object was to obtain a concession of some sort, and he succeeded in that object, the Deutsche Bank would be certain to claim the support of the Government and make a terrible outcry if it was withheld. His Excellency also said that it was stated in English newspapers that the Imperial Government wished to create a new Moroccan question. Now this was exactly what they wished to avoid. If they had approached the Persian Government with offers of loans, tried to get concessions from them, or endeavoured to undermine our influence, a new question might have arisen, but they had studiously avoided anything of the sort, and they had neither approached the Persian Government with offers of any kind, nor had the Persian Government made any appeals to them. Under these circumstances the attacks in the British press were particularly annoying.

I have, &c.

W. E. GOSCHEN.

[15895]

No. 307.

Sir E. Goschen to Sir Edward Grey.—(Received May 9.)

(No. 134.)

Sir,

Berlin, May 6, 1910.

HERR VON SCHOEN called upon me early this morning to tell me of a conversation which he had just had with M. Isvolsky. He said that M. Isvolsky's visit came at the right moment, as the Imperial Government had just received news from their representative in Persia which was a source of considerable preoccupation to them, and respecting which they were very anxious that both the Russian Government and that of His Majesty should learn their views.

The news in question was that the British and Russian Governments had demanded, or were about to demand, a formal declaration from the Persian Government, to the effect that the latter would not give any concession of a political or strategic nature to any third Power without the previous consent of the two Governments. The concessions which the Persian Government were to promise to refuse were concessions for railways, roads, telegraphs, and mines. Herr von Schoen told me that he had pointed out to M. Isvolsky that the demand addressed to the Persian Government, which appeared to partake of the nature of an ultimatum, could as a matter of fact only be regarded as a move against Germany, and that it would have a very bad effect upon German public opinion.

M. Isvolsky had replied that having been travelling for some little time he was not very well acquainted with what was now going on, but that he knew that reports had been received both at St. Petersburg and London respecting the activity of German agents in Persia. It had been reported, for instance, that a German subject had received a concession on Lake Urumia, and that an agent of the Deutsche Bank had secured a railway concession. These reports, coupled with the recent request for information respecting the loan conditions, which had been made simultaneously by the Powers of the Triple Alliance, caused some anxiety to the Governments of Russia and Great Britain, and rendered it necessary for them to keep a very watchful eye over their political interests.

Herr von Schoen told me that in reply to M. Isvolsky's observations, he had given his Excellency his word of honour that the fact that the three Governments of the "Triplice" had requested information on Persian affairs simultaneously had been a

matter of pure chance, and had not been the result of previous arrangement or consultation. That as regards the reported concessions the Imperial Government knew nothing whatever about them, and that if they had been secured they would refuse their countenance to the transactions; and finally that, although they could not admit any formal obligation to do so, the Imperial Government would also set their face against any transactions of the kind which might be disagreeable to the two Governments. He had added that if Great Britain and Russia persisted in their demand for a declaration from the Persian Government in the form which the German representative at Tehran had reported it would assuredly cause a very bad impression in Germany, and add fresh difficulties in the way of an understanding in "Asiatic questions," the desirability of which was fully recognised by His Majesty's Government. Under these circumstances and in view of the assurances he had given, he had expressed the hope that M. Isvolsky would reconsider the instructions given to the Russian Minister at Tehran.

In telling me of this conversation, Herr von Schoen said that he hoped that His Majesty's Government would understand the position in which the formal demand they were addressing to the Persian Government would place the Imperial Government, and that they would find some other way of obtaining the assurances they required than by an official and formal declaration, which would convey the impression in Germany not only that the door was being shut, but that it was being shut in her face. The Imperial Government fully sympathised with and understood the wish of His Majesty's Government to safeguard British political interests, but they hoped that it might be found possible to manage this discreetly and in a less public fashion. His Excellency's words were, "Que le Gouvernement de Sa Majesté fasse ce qu'il veut, mais discrètement et sans trop l'afficher."

He said that he was very anxious that German public opinion, which had of late become very susceptible as regards German trade interests abroad, should not become excited on this question, but that this would inevitably happen should the two Governments persist in a step which would be taken to mean that the assurances given by the Imperial Government were not believed.

I have, &c.
W. E. GOSCHEN.

[16149] No. 308.

The Imperial Bank of Persia to Foreign Office.—(Received May 9.)

Sir, 25, Abchurch Lane, London, May 7, 1910.
I HAVE the honour to acknowledge receipt of your letter of yesterday's date in regard to the arrangements for the amalgamation of the debts due by the Persian Government to the bank and in regard to the inclusion in the scheme of the Anglo-Indian loans of 1903-4.

We now beg to enclose for your information a translation of a telegram we have sent this morning to the bank in Tehran.

I have, &c.
G. NEWELL, Manager.

Enclosure in No. 308.

Imperial Bank of Persia, London, to Imperial Bank of Persia, Tehran.

(Translation.)
(Telegraphic.)

25, Abchurch Lane, London, May 7, 1910.

FOREIGN Office accept and confirm arrangements intimated former telegrams, viz., amalgamation British Government and bank's debts; bank collect entire customs southern revenues, inclusive of Mohammerah and Ahwaz; payment interest, including arrears, by monthly instalments both loans from 21st March last; collateral security Telegraphs, Posts, fisheries to be retained. Repayment capital, bank's portion, fifteen yearly instalments until debt extinguished; capital repayment, Government portion, begins from March 1913, to conclude March 1928. Inform British Minister. Telegraph us when agreement formally signed.

[16076]

No. 309.

Mr. Marling to Sir Edward Grey.—(Received May 9.)

(No. 220.)

(Telegraphic.) P.

Tehran, May 9, 1910.

MY Russian colleague and I received on evening of the 7th May reply to joint note from Persian Government. Persian Government accept conditions 1 and 2, but state they must defer reply with regard to condition concerning concessions pending an explanation in writing, owing to vagueness of language used in note.

M. Poklewski and I submit that we be authorised to take act of Persian declaration on first two points in a note, and that, with regard to concessions, following statement should be included:—

"In view of the difficulty of defining concessions which might be injurious to their political or strategical interests, the two Powers expect that, before granting any concession to a foreign subject, the Persian Government will enter into an exchange of views with them, and in case it should be found that a concession is injurious to the interests above-mentioned, the two Powers desire that Persian Government will grant it only to subjects of Persia, Great Britain, or Russia."

[16154]

No. 310.

Mr. Marling to Sir Edward Grey.—(Received May 9.)

(No. 221.)

(Telegraphic.) P.

Tehran, May 9, 1910.

HORMUZ oxide.

I am informed by Strick's agent in Tehran that Persian Government have now proposed that his principal should take over Weir's claim, whether against them or against Persian Government. Persian Government to compensate him are prepared to consider modification of contract now under negotiation.

Please advise Strick of proposal.

I think that the best solution of the matter would be that Strick and Weir should come to terms. Moin is clearly regaining influence, and might force the Government's hand, so I hope some settlement may be reached without delay.

With regard to proposed modification of contract, the best course in British interests would be to prolong its term, but Persian Government would probably prefer to sell a greater quantity per annum.

[16155]

No. 311.

Mr. Marling to Sir Edward Grey.—(Received May 9.)

(No. 222.)

(Telegraphic.) P.

Tehran, May 9, 1910.

RUSSIAN lease on Karun.

In continuation of my telegram No. 157 of the 14th April, I learn from His Majesty's consul at Kermanshah that uncle of Governor-General, the late Nizam-es-Sultaneh, granted a lease as reported. He, himself, however, would cancel the lease, which he has not signed.

[16053]

No. 312.

Sir G. Lowther to Sir Edward Grey.—(Received May 9.)

(No. 76.)

(Telegraphic.) P.

Constantinople, May 8, 1910.

TURCO-PERSIAN frontier.

Subject to your approval, M. Tcharykow and I propose to make verbally to the Turkish Government the following communication (see your telegram No. 90 of the 4th May):—

"Le Gouvernement anglais (russe), désirant se rendre compte de la situation qui existe dans certaines parties de l'Azerbaïdjan où l'autorité administrative du

Gouvernement central persan semble momentanément affaibli, se propose de charger un employé de son consulat général à Tabriz de faire dans ce but un voyage à Ourmia et dans quelques districts avoisinants.

"Comme les renseignements communiqués par le Ministre ottoman des Affaires Étrangères permettent de constater la présence temporaire dans ces parages de fonctionnaires et de détachements ottomans dont la répartition et les mouvements ne semblent pas être suffisamment connus à Constantinople, l'Ambassadeur d'Angleterre (de Russie) a l'honneur, d'ordre de son Gouvernement, de demander à son Excellence si le Gouvernement ottoman est disposé à munir son consulat général à Tabriz d'instructions à l'effet de charger un de ses employés de faire simultanément avec son collègue d'Angleterre (de Russie) le voyage en question."

[15744]

No. 313.

Sir Edward Grey to Mr. Marling.

(No. 134.)

(Telegraphic.) P.

Foreign Office, May 9, 1910.

HORMUZ oxide. Your telegram No. 215 of the 7th May.

Weir's claim lies against Persian Government if what they state is not true; if it is true the claim is against the Muin, and he would presumably have to sue before Persian tribunals. It would be impossible to get justice, and a protest by us will be required as well as pressure on Persia to get payment from the Muin. So that eventually we must in any case put the responsibility on the Persian Government.

The latter realise this, and by the condition which they have imposed on Strick hope in any case to put the responsibility on his shoulders, and not only in case their contention against the Muin is proved, as you seem to think. Until this point was made clear to him here, Strick himself thought that the Persian Government wished only to safeguard themselves against results of wrongful action against Muin. It had not occurred to him that even if Weir's claim lies against Muin they would all the same expect him to take responsibility for it.

He seems ready to risk having to pay in any case, as he is most anxious to get the concession.

[15828]

No. 314.

Sir Edward Grey to Mr. Marling.

(No. 135.)

(Telegraphic.) P.

Foreign Office, May 9, 1910.

CONVERSION of Persian debt to His Majesty's Government and Imperial Bank of Persia.

Your telegram No. 218 of the 7th May.

As Persian Government's request contained in your telegram No. 191 of the 25th April does not appear in later negotiations between them and Bank, we supposed that it had been dropped, and regarded terms in Bank's telegram to their manager at Tahan as final, an impression confirmed by last sentence of your telegram referred to. We had hoped that this negotiation was concluded, but if Persian Government insist, we must once more approach Treasury.

Text proposed in your telegram No. 196 of the 28th April appears to us to secure conditions, and is approved.

[16343]

No. 315.

Sir Edward Grey to Mr. Marling.

(No. 136.)

(Telegraphic.) P.

Foreign Office, May 9, 1910.

PLEASE report whether there is any truth in statement made to me by German chargé d'affaires, that during siege of Tabreez soldiers stole some bullion belonging to Imperial Bank of Persia, and that the loss was made good from the revenues of the Bushire customs while our troops (as Herr von Kuhlmann supposes) were in possession of custom-house there.

According to my own recollection our troops were simply employed on police duty, and were not in possession of custom-house, which was administered as usual.

[15759]

No. 316.

Sir Edward Grey to Mr. Marling.

(No. 137.)

(Telegraphic.) P.

Foreign Office, May 9, 1910.

HIS Majesty's consul at Mohammerah should be instructed to inform sheikh that His Majesty's Government have ordered gun-boat to be ready in case his territory should need protection, and that they have made the most serious representations to the Turkish Government demanding immediate orders to Vali of Bussorah to settle dispute in amicable spirit.

On his side, sheikh should, if asked, give assurances in sense of Sir G. Lowther's telegram No. 75 of the 7th May, paragraph 3, and should abstain from any provocation.

[15759]

No. 317.

Sir Edward Grey to Sir G. Lowther.

(No. 97.)

(Telegraphic.) P.

Foreign Office, May 9, 1910.

WITH reference to Mr. Marling's telegram No. 216 of the 7th May, in view of the threats used by Vali of Bussorah in connection with Mohammerah affairs, you should at once represent to Turkish Minister for Foreign Affairs our earnest hope that orders may be sent to him by telegraph without delay to refrain from further violent proceedings to sheikh's detriment. Inform his Excellency that the negotiations which we instructed His Majesty's consuls at Mohammerah and Bussorah to undertake with a view to amicable settlement of dispute, appear to have been rendered abortive by vali's aggressive character. The most serious results will follow bombardment of Falia and action against Mohammerah, if he carries out his avowed intention to take these steps. We are bound to support the sheikh, with whom we have long had relations of amity, against naval attack by a foreign Power, and as in the present case he has already appealed to us, we have ordered a gun-boat to be ready to go to Mohammerah, if necessary.

If Turkish Government will send to vali instructions similar to those telegraphed to His Majesty's consuls, that the dispute must be settled on the spot, the question should be easily adjusted and further discussion between us and Porte unnecessary. You should, however, explain clearly that the immediate dispatch of these instructions is imperative.

[14014]

No. 318.

Sir Edward Grey to Mr. Marling.

(No. 77.)

Sir,

Foreign Office, May 9, 1910.

WITH reference to Sir G. Barclay's telegram No. 160 of the 15th ultimo, relative to the lease of land near the Karun by the Russian subject, Abbas Agha Tariverdieff, of Erwein, I transmit to you herewith copy of a despatch from His Majesty's Ambassador at St. Petersburg,* forwarding translations of certain documents, including the terms of the lease itself.

It appears from these papers that Abbas Agha merely holds his land on lease from Nizam-es-Sultaneh, and holds no concession of any kind from the Persian Government, and accordingly I see no object in opening a discussion with the Sheikh of Mohammerah on the subject.

I should be glad, however, to receive an expression of your views on this point.

I am, &c.

E. GREY.

[14545]

No. 319.

Foreign Office to Anglo-Persian Oil Company.

Sir,

Foreign Office, May 9, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 27th ultimo, relative to the desire of your company to comply with the request of the Persian Imperial Commissioner to be furnished with a copy of the agreement made by them with the Sheikh of Mohammerah.

I am to inform you, in reply, that on the 30th ultimo Sir E. Grey addressed a telegram to His Majesty's chargé d'affaires at Tehran, informing him of the substance of your letter, and enquiring whether the consent of the sheikh could be obtained to the communication to Sadigh-es-Sultan of a copy of that instrument.

Sir E. Grey has now received a telegram from Mr. Marling, reporting that the sheikh has no objection to compliance with the wish of Sadigh-es-Sultan in this matter.

I am, &c.

LOUIS MALLET.

[16398]

No. 320.

India Office to Foreign Office.—(Received May 10.)

Sir,

India Office, May 9, 1910.

I AM directed to acknowledge the receipt of your letter dated the 19th January, 1910, replying to the letter from this Office of the 23rd December, 1909, as to the policy regarding railway construction in Persia to be pursued by the British Government.

Lord Morley observes with satisfaction that Sir E. Grey is prepared to ask the Russian Government not to press the question of the proposed junction of the Russian and Indian railway systems. But he would ask that in the communication to be addressed to the Russian Government on the subject His Majesty's Government should in no way dissociate themselves from the objections taken by the Government of India to the proposal.

As regards the general question involved, Lord Morley, for the reasons stated in your letter, accepts Sir E. Grey's view that it is impracticable to maintain a policy of "sterilisation." He agrees that in the circumstances the proper course to be pursued, in order to prevent the intrusion of any third Power, will be to obtain from the Persian Government concessions or agreements of an "ear-marking" nature for such lines as it is desirable to retain under exclusively British control.

Lord Morley observes that Sir E. Grey is satisfied that such concessions or agreements will not commit the British Government to construction at any given time. The object for which they are obtained is, as Lord Morley understands, the general one of avoiding, as far as may be, the intervention of any third Power, and, as regards the Julfa-Mohammerah line, to act in accordance with the scheme of policy already agreed on in principle with the Russian Government.

As regards financial considerations, Lord Morley observes that Sir E. Grey recognises that it is practically impossible to provide funds for construction from Government sources, and that the money, when required, will presumably have to be raised in the open market, with or without guarantee. On this point Lord Morley would say explicitly that he is satisfied that it will not be to the interests of India to participate financially in the work of railway construction in Persia, whatever its indirect advantages to her in the way of trade facilities may be. Lord Morley has arrived at this conclusion, not only on the ground of the need in future for rigid economy in India, but on full consideration of the broad principle of policy which should govern our action from the Indian point of view in relation to Persian affairs.

As regards the line which it is understood the Russian Government are contemplating towards Yezl and the British frontier in Baluchistan, Lord Morley, as at present advised, agrees with the view in your letter that a line from that frontier, whether at Charbar (or Guattar) or Robat, in the direction of the Russian sphere, should be "ear-marked" as the subject of a British concession, but he would suggest that the purpose in view would be sufficiently met if it stopped at Kerman, and he would propose that two concessions, viz., Kerman-Robat and Kerman-Charbar (or Guattar), should be applied for.

It follows from the objection of the British Government to a junction of the Indian and Russian systems that they should not, in existing circumstances, be prepared to undertake the construction of the lines so "ear-marked."

I am to enclose copy of telegrams that have passed with the Government of India on this subject, and to suggest that, in view of the general agreement that has now been reached, the proposed inter-departmental conference is no longer necessary. If, however, Sir E. Grey wishes it, Lord Morley will of course be happy to send representatives.

I have, &c.

R. RITCHIE.

Enclosure 1 in No. 320.

Viscount Morley to Government of India.

(Telegraphic.) P.

India Office, April 11, 1910.

LOAN to Persian Government.

It may be necessary, in connection with conditions of joint advance of 400,000l., that some programme of railway concessions to be ear-marked to this country should be formulated. Have you any observation on the proposals which have been suggested?—

1. The southern section of line from Julfa to Mohammerah, of which Russia will apply for northern section;
2. Kerman to Bunder Abbas;
3. Ahwaz to Bunder Abbas via Shiraz with the option of a port at Khor Musa;
4. Line between some point on No. 3 and Bushire via Aliabad;
5. Robat to Kerman;
6. Guattar or Charbar to Kerman.

There is, it will be understood, no probability of construction in near future of any of these lines, and application of Indian revenues to their construction would not have my consent. But possibility of concession, which might threaten political or strategical interests of India, being obtained by third Power must be guarded against.

Enclosure 2 in No. 320.

Government of India to Viscount Morley.

(Telegraphic.) P.

May 3, 1910.

YOUR telegram dated the 11th April as to railway concessions in Persia.

Securing of British position at the head of the Persian Gulf is of greatest strategical importance. The first step, consequently, is to get converted into a definite concession the option held by us for the southern section of the line from Julfa to Mohammerah up to the southern limit of the Russian sphere. Next step, in order to preclude possible German enterprise, would be to obtain a concession or option for a specified line, through the neutral zone, from a port on the Persian Gulf to the plateau. We recommend Nos. 3 and 4 of your telegram for this purpose. By this means our position on the eastern littoral of the Gulf would be consolidated and our influence throughout Southern and Central Persia increased. All options or concessions within British sphere, i.e., Bunder Abbas-Kerman-Robat, Kerman-Charbar or Guattar, come last in importance; these should be secured, not necessarily for construction, but merely to prevent outside interference in our sphere. If it is only contemplated to secure blocking options, then an option for the Bunder Abbas-Kerman line is of less immediate importance on political grounds than an option for your Nos. 3 and 4 as one concession. On the other hand, if any British syndicate should be ready to take up the project of a line from Bunder Abbas to Kerman, which is undoubtedly feasible, at once, then political importance of obtaining mere blocking option for Bunder Abbas-Shiraz-Bushire scheme, of which we are not assured as to engineering feasibility, would be outweighed by the acquisition of a definite concession for the former project. As long as a period as possible should be fixed for all concessions.

(Repeated to His Majesty's Minister, Tehran, and Resident, Bushire.)

[1722]

2 Q

[16351]

No. 321.

India Office to Foreign Office.—(Received May 10.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram to the Viceroy, dated the 5th May, 1910, regarding the "Habl-ul-Matin."

India Office, May 9, 1910.

Enclosure in No. 321.

Viscount Morley to Government of India.

(Telegraphic.) P.

India Office, May 5, 1910.

I APPROVE proposals as to "Habl-ul-Matin" contained in your telegram of the 31st March.

[16484]

No. 322.

Mr. Marling to Sir Edward Grey.—(Received May 10.)

(No. 223.)

(Telegraphic.) P.

Tehran, May 10, 1910.

IN reply to your telegram No. 136 of the 9th May, bullion seized in January 1909 near Tabreez by Ain-ed-Dowleh was, in virtue of an arrangement with Persian Government, repaid from Bushire customs. It is possible that, when troops landed at Bushire on the 11th April, full amount had not been discharged. Their duties at the customs were, however, exclusively limited to protecting it against attack, and their presence was not utilized in any way to obtain payment.

[16488]

No. 323.

Mr. Marling to Sir Edward Grey.—(Received May 10.)

(No. 224.)

(Telegraphic.) P.

Tehran, May 10, 1910.

TURKS and Sheikh of Mohammerah.

With reference to your telegram No. 137 of the 9th May:

I have received through His Majesty's consul-general at Bushire a telegram from Lieutenant Wilson at Mohammerah reporting that matter is progressing favourably towards a solution, and that gun-boat seems to be unnecessary in the circumstances.

[16487]

No. 324.

Sir A. Nicolson to Sir Edward Grey.—(Received May 10.)

(No. 144.)

(Telegraphic.) P.

St. Petersburg, May 10, 1910.

MR. MARLING'S telegram No. 220 of the 9th May: Anglo-Russian note to Persian Government.

I gave M. Isvolsky to-day the text of the reply which the two representatives at Tehran proposed to give to the enquiry of the Persian Government as to concessions, for he had not yet received anything on the subject from M. Poklewsky.

I was asked by M. Isvolsky if I had received any information as to a conversation which had taken place between you and Count Metternich in London. On my replying that I had heard nothing of it, his Excellency gave me the substance of what Count Metternich had said and of the answer which you had given to him, adding that Count Pourtalès had informed him here of what had passed in London, and had at the same time transmitted to him a communication from the German Imperial Chancellor.

The Germans take up the standpoint that it is far from their wish to cause

difficulties to either Power, &c., but that if the two Powers succeeded in obtaining from Persia the assurances as to concessions for which they were pressing, it might be necessary for Germany to point out to the Persian Government that such assurances infringed Germany's treaty rights under the most-favoured-nation clause. The German Government hoped, therefore, that the two Powers would not continue to press Persia to make a declaration by which her liberty in the matter of granting concessions would be limited. The reply which M. Isvolsky gave to Count Pourtalès was on much the same lines as that which you had given to the German Ambassador in London.

M. Isvolsky observed that it would be unfortunate that a pretext for presenting a *protestation motivée* to the Persian Government should be given to Germany. The point raised merited very serious examination. M. Isvolsky quite agreed that it would be impossible for either Power to recede from the position which it had taken up with the Persian Government, but at the same time he could not help asking himself whether the two Powers must necessarily exact from the Persian Government a reply to the warning as to granting concessions which they had addressed to them. The point of view of the two Powers had been stated very clearly to the Persian Government, and if the latter chose to disregard their warning, they must be prepared to face the consequences. It was possible that German intervention might be avoided if we were to rest satisfied with having conveyed our warning and were not to insist upon a reply.

M. Isvolsky explained that these were merely first impressions. A false step would be most regrettable, and before offering any suggestions or pronouncing an opinion he must devote very careful study to the question.

[16457]

No. 325.

Sir G. Louther to Sir Edward Grey.—(Received May 10.)

(No. 81.)

(Telegraphic.) P.

Constantinople, May 10, 1910.

SHEIKH of Mohammerah and Turkish authorities.

Please refer to your telegram No. 97 of the 9th May and my telegram No. 75 of the 7th May.

On the 8th instant His Majesty's consul at Bussorah telegraphed that he had heard from Hadji Reis that the latter had been informed by the vali that he considered that Mahomet Chenan was solely to blame for the incident, and that, as far as he himself was concerned, he desired friendly relations with the sheikh.

Provided the sheikh gives assurances for the future, refusing to harbour criminals, and taking it upon himself to maintain order on the river, vali says he will be satisfied without our intervention.

I trust sheikh will agree to expulsion of Mahomet Chenan from Turkish territory, which is what acting vali proposes in view of sheikh's inability to surrender him.

Consul is waiting to hear vali's views on this proposal, which has been submitted to him by telegraph. The Persians are finding satisfactory solutions of other pending questions.

Mr. Crow has just telegraphed again to say that the acting vali has informed him in a private letter that a final solution of the question may be considered to have been arrived at, that he is negotiating with Hadji Reis a clear and amicable settlement of certain essential points, and that, in so far as is compatible with the dignity of the Ottoman Government, he has promised him a solution solely with a view to friendly relations with the sheikh being maintained.

The acting vali is again in consultation with Hadji Reis to-day, and Mr. Crow is awaiting the issue.

Consequently, I propose that the action indicated in your telegram No. 97 be deferred for the present.

[16053]

No. 326.

Sir Edward Grey to Sir G. Louther.

(No. 98.)

(Telegraphic.) P.

Foreign Office, May 10, 1910.

TURCO-PERSIAN frontier (see Sir A. Nicolson's telegram No. 141 of the 3rd May and yours No. 76 of the 8th May).

Co-operation of Persians was provided for in proposals of Russian Government, and the "aid of Persian local authorities" in the enquiry was suggested in the memorandum which the Russian Acting Minister for Foreign Affairs handed to His Majesty's Ambassador at St. Petersburg. Do you not think it advisable that a Persian delegate should be included? If your Russian colleague agrees it might be well to add a statement, which should be mentioned in the note, to the effect that the two Governments propose to invite the Persian Government to send a delegate.

[16076]

No. 327.

Sir Edward Grey to Sir A. Nicolson.

(No. 220.)

(Telegraphic.) P.

Foreign Office, May 10, 1910.

CONCESSIONS, &c., in Persia (see Mr. Marling's telegram No. 220 of the 9th May).

I think the further text proposed by the British and Russian representatives at Tehran goes rather too far. Difficulties would arise over last sentence, which is too explicit. Submit the following modification to Russian Government:—

"In view of the difficulty of defining concessions which might be injurious to their political or strategic interests, the two Governments expect, before granting any concession for railroads, roads, telegraphs, or harbours to a foreign subject, that Persian Government will enter into an exchange of views with them in order that measures may be devised whereby the political or strategic interests of either of the two Powers may be duly safeguarded."

I agree that the two representatives should take note of Persian Government's declaration on first and second conditions.

[19458]

No. 328.

Sir Edward Grey to Mr. Marling.

(No. 78.)

Sir,

Foreign Office, May 10, 1910.

THE Persian Minister called on the 30th ultimo to enquire whether it was under instructions from His Majesty's Government that His Majesty's representative at Tehran had threatened the Ministers of Public Works and Finance that he would ask for their exclusion from the Ministry if they showed any signs of entertaining proposals for a German loan or worked against British interests.

Mr. Mallet, who received the Minister, stated, in reply, that His Majesty's Government had not issued any instructions on the subject, but he did not, of course, disavow what Sir G. Barclay might have said.

The Persian Minister called again on the 4th instant to express his thanks for this communication, but at the same time enquired what was meant by an answer given to a question asked in the House of Commons on the 26th April (copy enclosed).^{*} This answer, he said, gave the impression of intervention in the internal affairs of Persia, and it was painful for the Persian Government to think that His Majesty's Government meant such an impression to prevail.

To this Mr. Mallet replied that the answer seemed to be quite plain and hardly to require explanation; the Persian Government, however, must be aware what representations Sir G. Barclay had made.

Mr. Mallet added that His Majesty's Government had no wish to intervene in the internal affairs of Persia, but they could not stand by and allow concessions of political importance to be given to third parties. They had long been awaiting a reply to the Anglo-Russian joint note on that subject, and hoped they would not have to wait much longer.

The Minister replied that the Persian Government had no intention of giving any concessions to Germany, nor could they understand the suspicions and anxiety of His Majesty's Government on this subject. He added that he had heard that a reply would shortly be returned to the joint note.

I am, &c.

E. GREY.

* Printed elsewhere.

[16757]

No. 329.

Sir Edward Grey to Sir E. Goschen.

(No. 122. Secret.)

Sir,

Foreign Office, May 10, 1910.

COUNT METTERNICH, in the course of conversation to-day, told me that during his absence from London he had seen the German Chancellor, who had spoken to him about Persia.

The substance of what Herr von Bethmann-Hollweg had said was that the German Government would continue to be willing to respect the strategical and political interests of England and Russia in Persia. Also, in the economic sphere the German Government would recognise the English and Russian claim to a sort of favoured optional right with regard to railways, roads, and telegraphs in their respective spheres of interest. The German Government had no thought of interfering with the political interests of the two countries; but England and Russia ought to recognise that the economic concessions which Germany was prepared to make included the waiving of her right to most-favoured-nation treatment, which she has under her commercial treaty with Persia. In order to come to a friendly agreement with England and Russia, Germany was willing to give up her claim to most-favoured-nation treatment to the extent suggested. There had long been a sincere desire to come to a friendly agreement, and the German Government had, therefore, refrained from influencing the Persian Government, although at times the latter Government had probably wished that German influence should be exerted. Germany had manifested her desire for an understanding as long ago as in 1906, when she had made certain proposals to Russia. M. Isvolsky had now made a communication from which it appeared that an answer to these proposals would be sent soon. The German Chancellor had also expressed his desire for an agreement in his conversation with you on the 10th April last. Of course, there might be difficulties in the way of such an agreement. Germany might, for instance, have to mention at Tehran that her right to most-favoured-nation treatment had been impaired as a result of the diplomatic action of England and Russia. Germany would, however, do this very reluctantly, if only because of the effect upon German public opinion; and this difficulty would not arise if England and Russia would come to an understanding with Germany before obtaining the condition which they desired from Persia as to the granting of concessions. Count Metternich added that an agreement of this kind would very likely facilitate matters with regard to the Bagdad Railway.

I told him that I could not continue the discussion just at present. I explained to him, however, that what I had said to Herr von Kühlmann in his absence did not raise any difficulties of principle, though I had not gone into any details; and, therefore, although I was not at present prepared to continue the discussion, I had no wish to close it.

Count Metternich asked me whether I was drawing up any reply to the communication which the Chancellor had made to you.

I replied that I had already written to you to give you my private impressions before the recent events here had suspended business. You might, perhaps, make use of these in conversation with Herr von Bethmann-Hollweg, but as you would now be coming to London for the funeral, and would see me then, I thought you would probably wait until you had talked over the matter with me before you said anything further.

I am, &c.

E. GREY.

[15759]

No. 330.

Foreign Office to Admiralty.

Sir,

Foreign Office, May 10, 1910.

I AM directed by Secretary Sir E. Grey to inform you that considerable friction has arisen between the Turkish authorities on the Shat-el-Arab and the Sheikh of Mohammerah, in consequence of the alleged refusal of the sheikh to surrender, in accordance with his promise, the authors of certain outrages committed at Bussorah, who have taken refuge at Mohammerah.

By order of the vali of Bussorah a Turkish gun-boat has already shelled and

[1722]

2 H

burned Bain, a village belonging to the sheikh, which lies on the Turkish bank of the river, and is now threatening to bombard Failia, where the sheikh usually resides. The sheikh has appealed to His Majesty's Government, and as they have for a long time been a terms of amity with him, and are bound, by assurances given him in 1902, and subsequently renewed, to protect him against a naval attack by a foreign Power, it may be necessary to dispatch a gun-boat to Mohammerah to prevent further violence against him.

I am accordingly to state that Sir E. Grey would be glad if the Lords Commissioners of the Admiralty would give immediate orders that a gun-boat be held in readiness to start for Mohammerah if its presence there should be considered necessary.

I am to add that His Majesty's Government have instructed His Majesty's consul at Bussorah and Mohammerah to endeavour to settle the matter locally by amicable means, and that they have addressed to the Ottoman Government, through His Majesty's Ambassador at Constantinople, a strong protest against the proceedings of the vali of Bussorah, and an urgent request that orders may be sent to him to refrain from further acts of violence, and to second the efforts of His Majesty's consuls to bring about a peaceful solution of the question at issue.

I am, &c.

LOUIS MALLET.

[18154]

No. 331.

Foreign Office to Mr. P. C. Strick.

Sir,

Foreign Office, May 10, 1910.

WITH reference to previous correspondence relative to the oxide industry at Hormuz, I am directed by Secretary Sir E. Grey to inform you that a telegram, dated yesterday, has been received from His Majesty's chargé d'affaires at Tehran, stating that your agent has informed him that the Persian Government now wish you to assume liability for Messrs. Weir's claim, whether against themselves or against Main-ut-Tujjar, and that they are prepared, in order to compensate you, to consider the modification of the contract now under negotiation.

As you will recollect, it was intimated to you on the occasion of your visit to this Department on the 4th May that you would do well to be prepared for a proposal of this kind from the Persian Government.

I am further to inform you that, according to a subsequent telegram received from Mr. Marling, Seyyid-es-Sultaneh is enquiring as to the value of the lease of Hormuz, and is indirectly consulting Mr. Tigran Malcolm, whose position enables him to come to an arrangement with the seyid.

Mr. Malcolm, it is stated, would be willing to give a written undertaking that he would, as co-lessee, endeavour to work in your interests and those of His Majesty's Government.

I am, &c.

LOUIS MALLET.

[16569]

No. 332.

India Office to Foreign Office.—(Received May 11.)

Sir,

India Office, May 10, 1910.

WITH reference to the letter of this Office, dated the 13th April, 1910, communicating copy of telegraphic correspondence with the Government of India as to the retention of the extra guards at Bunder Abbas for a period not exceeding two months from the 17th April, I am directed by the Secretary of State for India to enclose copy of a subsequent telegram from the Government of India, stating that the expenditure involved in the increase of the guard is approximately 150 rupees a-month, in addition to a lump sum of about 620 rupees for extra transport charges by land and sea.

On the understanding that the guards will be withdrawn, if possible, at an earlier date than the 17th June, Viscount Morley is prepared to sanction the proposal, provided

that a moiety of the charges above mentioned be accepted by the Lords Commissioners of His Majesty's Treasury as debitable to British revenues.

I have, &c.

R. RITCHIE.

Enclosure in No. 332.

Government of India to Viscount Morley.

(Telegraphic.) P.

April 25, 1910.

PLEASE see your telegram of the 11th instant as to Bunder Abbas guard. Cost of additional guard approximately 150 rupees per mensem extra. About 620 rupees extra for transport charges by land and sea.

[16564]

No. 333.

India Office to Foreign Office.—(Received May 11.)

Sir,

India Office, May 10, 1910.

I AM directed by the Secretary of State for India to enclose, for the information of the Secretary of State for Foreign Affairs, copy of a telegram from the Government of India as to the situation created by the action of the Turkish authorities in the neighbourhood of Mohammerah, which has been the subject of telegraphic correspondence communicated to this department by the Foreign Office.

Viscount Morley agrees with the Government of India that the situation calls for prompt action to restrain the vali of Bussorah from recourse to further aggressive measures, but he doubts the advisability of asking that the vali should be replaced until it is seen whether His Majesty's consul at Bussorah is successful in the endeavours he is reported to be making to arrange an amicable settlement. In Lord Morley's opinion, it is not desirable at once to dispatch a gun-boat to the Shatt-el-Arab.

He would be glad to learn at an early date the result of any representations that Secretary Sir E. Grey may cause to be made to the Turkish Government in the matter to procure a reversal of the vali's attitude.

I have, &c.

R. RITCHIE.

Enclosure in No. 333.

Government of India to Viscount Morley.

(Telegraphic.) P.

May 7, 1910.

ACTION of Turks at Mohammerah.

I desire to give strong support, in view of Indian interests at Mohammerah, to Colonel Cox's views as telegraphed to the Foreign Office on the 2nd May, with expression of concurrence by His Majesty's representative at Tehran. Having regard to the offensive circular telegram addressed to all Turkish officials in Bussorah district by vali of Bussorah, inciting them against the Sheikh of Mohammerah, I further support proposal made by Colonel Cox that we should urge Turkish Government to substitute a less aggressive officer for vali, and that a gun-boat should be placed on the part of the river affected, in the event of non-compliance, with a view to ensuring that importation of grain and date traffic, now about to begin, shall not be disturbed.

[16602]

No. 334.

Indo-European Telegraph Company to Foreign Office.—(Received May 11.)

Sir,

48, Old Broad Street, London, May 29, 1910.

WE thank you for your letter of the 3rd instant, in which you call attention to the fact that our representative in St. Petersburg has informed His Majesty's Embassy that the board of this company viewed with anxiety attempts by outside parties to acquire control of the Khanikin-Tehran telegraph line, and had instructed him to endeavour to come to some arrangement with the Russian Government in order to frustrate such designs.

The following explanations are necessary in order fully to set out the position of the company in this matter :—

The supplemental agreement of the 14th June, 1906, of which copy was enclosed with your letter, was in fact entered into by this company with the Persian Government with the object of preventing the control of the telegraph route in question from passing into the hands of a third party.

It was not thought desirable by the company actually to take over this route for the following reasons :—

Though nominally an international telegraph route, the difficult nature of the country through which it passes, together with the inefficient maintenance on the Turkish as well as on the Persian side, has hitherto made it quite unreliable as a telegraph route, and it would be regrettable that the idea should be encouraged that it would even under the control of this company become reliable, an ideal which, owing to drawbacks which would continue to exist on the Turkish side, could not, in our opinion, be realised under existing circumstances.

The company has been informed unofficially at various times of the official Russian opinion in Tehran that the company could, with advantage to all parties, take over the working of the Khanikin-Tehran, Tehran-Meshed, Tehran-Baschkale, and other telegraph routes within the Russian sphere of influence, but no definite proposal has been made to the company hitherto.

Recently, however, the company derived the impression that the Russian Government would view with favour the acquisition by the company of control over the Tehran-Khanikin route, and it was under that impression that steps were taken by our representative in St. Petersburg, both at His Majesty's Embassy and at the Imperial Russian Department of Telegraphs.

Owing to the facts mentioned above, a guarantee that the route referred to should not pass out of the control of the British and Russian Governments would be more acceptable to the company than any plan by which the company would endeavour to open up the route, an endeavour which, in our opinion, could not under present circumstances meet with success.

The company's reason for approaching the Russian Government with regard to such a guarantee is that in 1907, at the time of the conclusion of the Anglo-Russian convention, we were informed from what the company believed to be a reliable quarter in Tehran that, by the terms of the convention referred to, any rights of the British Government in respect of the Khanikin-Tehran and Tehran-Meshed telegraph routes were ceded to the Russian Government in exchange for certain advantages.

If, as appears from your letter under reply, this information is incorrect, the company would of course accept with satisfaction your statement that our interests are, as matters stand, sufficiently protected by clause 3 of the Anglo-Russian convention, and it would not in fact be necessary to proceed further in the matter unless a definite proposal with regard to this and to other Persian telegraph lines in the Russian sphere of interest were made to us by the Russian Government, in which case the company would at once approach His Majesty's Foreign Office for the necessary facilities in respect of any telegraph routes controlled by His Majesty's Government.

I am, &c.

T. W. STRATFORD-ANDREWS,
Managing Director.

[16600]

No. 335.

Anglo-Persian Oil Company to Foreign Office.—(Received May 11.)

*Winchester House, Old Broad Street, London,
May 10, 1910.*

Sir,

I BEG to acknowledge receipt of your favour of the 6th instant, advising receipt of a telegram from His Majesty's chargé d'affaires at Tehran, in which it is stated that an official of my company, who has just arrived in Mohammerah, reports that work has been almost completely closed down owing to the behaviour of the Bakhtiari guards, and adding that Mr. Marling is making representations to the Bakhtiari khans on the subject.

Although there has been a good deal of trouble lately with the local khans

and the guards, I have not yet received any confirmation of the particular report referred to by His Majesty's chargé d'affaires. When any communication on the subject has been received by this office I shall immediately advise you; and in the meantime I have to express my board's thanks for the assistance that Mr. Marling is giving in the matter.

I have, &c.

C. GREENWAY,
Managing Director.

[16604]

No. 336.

Anglo-Persian Oil Company to Foreign Office.—(Received May 11.)

*Winchester House, Old Broad Street, London,
May 10, 1910.*

Sir,

I BEG to acknowledge receipt of your letter of the 9th instant advising receipt of a telegram from His Majesty's chargé d'affaires at Tehran relative to the desire of the Persian Imperial Commissioner that my company should hand him a copy of the agreement made with the Sheikh of Mohammerah, and advising that the sheikh has now no objection to compliance with the Imperial Commissioner's request. I shall therefore now send Sadigh es-Sultaneh a copy of the agreement as requested by him.

I have, &c.

C. GREENWAY,
Managing Director.

[16666]

No. 337.

Mr. Marling to Sir Edward Grey.—(Received May 11.)

(No. 225.)

(Telegraphic.) P.

Tehran, May 11, 1910.

HORMUZ oxide.

I am informed by Brown, Strick's agent in Tehran, that he has signed a contract with Persian Government whereby his principal, on consideration of 1,000 tons of oxide free of charge, has accepted responsibility for Weir's claim against Persian Government or Muin-ut-Tujjar.

[16670]

No. 338.

Mr. Marling to Sir Edward Grey.—(Received May 11.)

(No. 226. Confidential.)

(Telegraphic.) P.

Tehran, May 11, 1910.

PLEASE refer to Sir G. Barclay's despatch No. 43 of the 24th March. I

International syndicate.

Mr. Osborne is still in Tehran. He refuses to tell me anything definite as to the reason of his stay on the ground that information will be shared with Russian Legation, but hints that you are acquainted with aims of his principals.

I should be glad of any information you can give me.

[16671]

No. 339.

Mr. Marling to Sir Edward Grey.—(Received May 11.)

(No. 227.)

(Telegraphic.) P.

Tehran, May 11, 1910.

WITH reference to your telegram No. 220 to Sir A. Nicolson of the 10th May, I venture to suggest substitution of "means of communication" for "railways" in proposed text. Roads, motor service, and navigation of lakes would thereby be included.

[16516]

No. 340.

Sir G. Louther to Sir Edward Grey.—(Received May 11.)

(No. 82.)

(Telegraphic.) P.

Constantinople, May 11, 1910.

SHEIKH of Mohammerah and Turkish authorities.

Please see my telegram No. 81 of to-day's date.

His Majesty's consul at Bussorah, referring to his immediately preceding telegram No. 24, reports that the Turkish authorities and the sheikh have arrived at an amicable and satisfactory solution of the question. The acting vali has written a letter couched in sufficiently conciliatory terms, which was delivered to the sheikh at Mohammerah by Hadji Reis last night.

[15485]

No. 341.

Sir Edward Grey to Sir A. Nicolson.

(No. 223.)

(Telegraphic.) P.

Foreign Office, May 11, 1910.

ARMS and ammunition for Persian Government. See Sir G. Barclay's telegram No. 775 of the 11th November, 1909.

Persian Government have requested the bank to buy on their behalf arms and ammunition. Bank proposes to agree.

You may inform Russian Government.

[16487]

No. 342.

Sir Edward Grey to Sir A. Nicolson.

(No. 224.)

(Telegraphic.) P.

Foreign Office, May 11, 1910.

GERMANY and Persia.

Please see your telegram No. 144 of yesterday.

Count Metternich did not come to see me till yesterday afternoon. He told me that the Chancellor was quite ready to respect political and strategic interests of the two Powers in Persia, and to admit their possession of some sort of favoured optional right, in their respective spheres, as to roads, telegraphs, and railways. This must, however, be based upon some friendly agreement, since it implied a certain surrender of the most-favoured-nation treatment of Germany in commercial matters. His Excellency ended his remarks with words practically the same as those used by M. Isvolsky (see second paragraph of your telegram), though he added that the solution of the Bagdad Railway question would probably be much facilitated by some sort of agreement about Persia.

I answered that in principle I was not opposed to an agreement, as could be seen from my remarks to Herr von Kühlmann during his Excellency's absence, but that I had not made a detailed examination of the question, and was therefore not ready to continue a discussion of it at the moment. I did not, however, wish to prevent it from being raised altogether. I told him that Sir E. Goschen was to come to England next week for the funeral of His late Majesty, and that before answering the Chancellor's recent communications generally I should like to discuss the subject with him.

The wording suggested in my telegram No. 220 of the 10th May is, as it seems to me, so guarded and moderate that it cannot properly be construed as infringing rights to most-favoured-nation treatment possessed by any Power in Persia. It might be desirable in any case to point this out in answer to the enquiry of the Persian Government as to concessions. We might then leave question of pressing the Persian Government for a definite answer to be settled as seems most desirable.

[16610]

No. 340 A.

Sir Edward Grey to Sir A. Nicolson.

(No. 221.)

(Telegraphic.) P.

Foreign Office, May 11, 1910.

THE following is for the confidential information of the Russian Minister for Foreign Affairs.

In reply to an enquiry made by the German chargé d'affaires on the 5th May as to my view of a discussion of an agreement with Germany respecting Persia in the light of the suggestions put forward by the German Chancellor, I said that his proposals on that point did not appear to me to offer much material for such an agreement, while I was discouraged by his attitude as to the Bagdad Railway. I had not yet had, nor did I expect to have for some time, an opportunity of discussing these proposals with the Prime Minister, to whom I had sent them.

Herr von Kühlmann pointed out that the questions of the Bagdad Railway and a naval agreement might take a long time to settle, and that it would therefore be well to make some progress with that of Persia first. Though Herr von Bethmann-Hollweg had no objection to recognising our special position in Persia he must satisfy public opinion in Germany by showing that he had obtained some *quid pro quo* before he could abandon the full treaty rights of Germany by declaring that recognition openly. The Persian question might become urgent by reason of the financial embarrassment of the Persian Government, and Great Britain and Russia might secure all concessions for railways in return for a loan, so that if Germany waited she might miss all opportunity of obtaining any concessions whatever. Herr von Bethmann-Hollweg's idea was that we might agree to the placing in Germany of the orders for 25 per cent. of the material for the railways we might build in Persia, in return for which Germany would recognise our special position and sphere in that country, and a similar arrangement would be made with Russia.

In reply to the difficulty which I pointed out, that if such a percentage were assigned to German industry, other countries would make similar requests, Herr von Kühlmann urged that Germany was in a special position owing to her rights in the Bagdad Railway.

Great Britain and Germany might, he suggested, reserve 55 per cent. for themselves in each case, and leave the other countries to fight for the remaining 45 per cent.

I answered that I could only promise to bear in mind the fact that Germany wished to come to an agreement with us on the Persian question.

[16649]

No. 340 B.

Sir Edward Grey to Sir A. Nicolson.

(No. 222.)

(Telegraphic.) P.

Foreign Office, May 11, 1910.

PLEASE inform Russian Minister for Foreign Affairs that on the 6th May German chargé d'affaires read to Sir C. Hardinge a telegram from the German Secretary of State for Foreign Affairs to the effect that according to information which had reached the German Government, Great Britain and Russia had demanded an assurance from the Persian Government that without the consent of the two Powers they would not give to foreign companies strategic or political concessions such as mines, telegraphs, railways, and roads. The Russian Minister at Tehran had also expressed the opinion that in Persia all concessions must be political. The German Government accordingly instructed Herr von Kühlmann that the principle of the open door, and the prospect of any negotiations for an agreement respecting Persian affairs such as had been outlined by the German Chancellor would be rendered illusory by a declaration of this kind made by the Persian Government. The German Government further considered that the opportunity to obtain concessions in Persia had been offered to German firms, but that these projects had not been officially encouraged out of deference to the interests in that country of Great Britain and Russia.

In reply, Sir C. Hardinge told Herr von Kühlmann that we had asked the Persian Government to give assurances that, without previously consulting the two Powers, they would not grant strategic or political concessions, such as those for telegraphs, roads, and railways. These assurances, for which we were pressing, had been demanded long before any proposals about Persia had reached us from Herr von

[1722]

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Bethmann-Hollweg. We were a limitrophe Power, and as such our political and strategic interests in these matters were undeniable: we were only asking that they should not be ignored. We were not demanding any monopoly in Persia, but only an option, and our attitude did not appear to clash with Herr von Kühlmann's proposals of the 5th May.

The chargé d'affaires, while intimating that the situation would, in his opinion, be greatly altered by a limitation of concessions in respect of which the assurances were demanded to those for telegraphs, roads, and railways, asked whether it would not be possible to await the conclusion of an agreement with Germany before calling on the Persian Government to give them.

He was informed that the question had already gone too far, but that negotiations on the lines proposed by Herr von Bethmann-Hollweg need not be hindered by pressure on the Persian Government. The omission of any reference to a possible settlement of the Bagdad Railway question was the chief objection to those negotiations, and just as Germany had urged the railway as a reason for taking an interest in Persian affairs, so Great Britain would adduce her position in Persia as justifying her interest in the railway.

Herr von Kühlmann said that it was impossible for Germany to give assurances about the railway without placing herself in a disadvantageous position in her negotiations with Great Britain, and Sir C. Hardinge pointed out that she must of necessity find herself in such a position as regards both Great Britain and Russia, owing to the special situation occupied by those two Powers in Persia.

[16584]

No. 343.

Foreign Office to India Office.

Sir,

Foreign Office, May 11, 1910.

WITH reference to your letter of yesterday, respecting the dispute which has arisen between the Sheikh of Mohammerah and the Vali of Bussorah, I am directed by Secretary Sir E. Grey to transmit herewith copies of telegrams from His Majesty's Ambassador at Constantinople, and His Majesty's chargé d'affaires at Tehran,* from which it will be seen that the question is in a fair way of being amicably settled on the spot. In these circumstances Sir E. Grey does not propose to instruct His Majesty's Ambassador at Constantinople to proceed with the representations which,† as Viscount Morley is aware, he had directed his Excellency to make to the Turkish Government on the subject, which did not include a demand for the removal of the Vali of Bussorah.

I am to add that Sir E. Grey concurs in the view that it is undesirable to dispatch a gun-boat at once to the Shatt-el-Arab, but that he has thought it well to request the Lords Commissioners of the Admiralty to hold such a vessel in readiness to proceed to the spot in case of need.

I am, &c.

LOUIS MALLET.

[16782]

No. 344.

India Office to Foreign Office.—(Received May 12.)

Sir,

India Office, May 11, 1910.

I AM directed by the Secretary of State for India to forward, for the consideration of the Secretary of State for Foreign Affairs, copy of a telegram from the Viceroy on the subject of alleged encroachments by Afghans across the undefined Persian frontier between Hashtadan and the Namaksar Lake.

Viscount Morley entirely agrees with the Government of India—in view partly of the considerations which they urge, and partly of the number of questions already outstanding both with the Persian Government and with the Ameer of Afghanistan—that delimitation of the Perso-Afghan frontier should be avoided for the present; and, if Sir E. Grey concurs, he proposes to reply in that sense.

I am, &c.

R. RITCHIE.

Enclosure in No. 344.

Government of India to Viscount Morley.

(Telegraphic.) P.

May 1, 1910.

REFERENCE is invited to papers sent with letters of the 1st November, 1906, the 31st January, 1907, the 27th February, 1908, and the 21st October, 1909, from Secretary to Government of India, Foreign Department, as to Perso-Afghan frontier near Hashtadan. It appears from correspondence between Tehran Legation and consul, Seistan, of which latter has sent us a copy, that a representation regarding alleged encroachments by Afghans across undefined frontier between Hashtadan and Namaksar Lake has been made by Persian Minister for Foreign Affairs. Opinion of Captain O'Connor respecting charge of violation of *status quo* was requested; in reply he has promised that during his journeys to Meshed he will make enquiries; conviction has been expressed by him that it is desirable to secure a settlement of the boundary, and that no great practical difficulty should be experienced in its being brought about by a British arbitrator. It is my strong opinion that everything in our power should be done to avoid delimitation, until demarcation of the tract south of Hashtadan is forced upon us by a joint appeal from Afghanistan and Persia. Most difficult situation would be raised by any action we might take in this direction. Country consists largely of rich grazing land, and steady encroachments are being made by Afghans. If a decision between Persians and Afghans is given by us, we

* Nos. 325 and 340, and No. 323.

† No. 317.

must either compel the latter to retire from a tract which they have held for some time or else give them land which the Persians regard as belonging to themselves. An appeal is in any case likely to be stimulated by the Russians, and representation on a joint delimitation party may be demanded by them. There would be great difficulties in providing supplies, and expense involved would be very large.

As regards the specific tract which is alleged by Persian Minister to have been encroached upon, both Afghanistan and Persia respectively claim "Musabad" as "indisputably" in their own territory; and even if the frontier between Hashtadan and Namaksar could be settled, a further dispute from the Namaksar southwards would be certain to arise unless the whole border between Hashtadan and the northern point at which line drawn by Sir H. McMahon ended were demarcated. We have consulted McMahon, who concurs entirely with views stated above.

[16847]

No. 345.

Sir A. Nicolson to Sir Edward Grey.—(Received May 12.)

(No. 145.)

(Telegraphic.) P.

St. Petersburg, May 12, 1910.

YOUR telegram No. 223 of the 11th instant.

At an interview which I had to-day with M. Isvolsky, I mentioned to him verbally the proposal which the Persian Government have made to the Imperial Bank of Persia respecting a supply of arms and ammunition. It was evident that his Excellency was not pleased at this possibility, and he said that it was a serious matter for Russia. He enquired as to the nature and number of the arms, &c., and by what route it was intended that they should enter Persia. He asked me to let him have the information as regards the proposal made to the Imperial Bank in writing, which I said that I would do.

[16848]

No. 346.

Sir A. Nicolson to Sir Edward Grey.—(Received May 12.)

(No. 146.)

(Telegraphic.) P.

St. Petersburg, May 12, 1910.

YOUR telegram No. 220 of 10th May.

Proposed reply to Persian Government as to concessions.

M. Isvolsky asked me to-day what I thought of an amended form of the proposed communication to the Persian Government which he had sent to the Russian Ambassador in London. I said that the threat seemed to me too strong, and made the communication look almost like an ultimatum. To this he replied that the formula suggested by you did not seem strong enough. It might be possible to find a middle term.

In my conversation with his Excellency I remarked that our desire at present was rather to attract the Persian Government than to frighten them off.

[16849]

No. 347.

Sir A. Nicolson to Sir Edward Grey.—(Received May 12.)

(No. 147.)

(Telegraphic.) P.

St. Petersburg, May 12, 1910.

GERMANY and Persia.

I had an interview with M. Isvolsky to-day, and handed to him a summary of your telegrams Nos. 221, 222, and 224, giving an account of the several conversations held recently with the German Embassy in London. M. Isvolsky has repeated to Count Benckendorff, for your information, a telegram which he has addressed to the Russian Ambassador in Berlin, and which he read to me.

I pointed out to M. Isvolsky a discrepancy in the accounts of these conversations as telegraphed from Berlin and from London. In the telegrams from London which I had received I could find no trace of any mention of an admission on our side that German capital or *matériel* should be allowed to participate. The German chargé d'affaires had brought forward this point, but I did not find, as the accounts from

Berlin stated, that you had personally expressed your readiness to acquiesce in such an arrangement.

M. Isvolsky is grateful for the communication of your telegrams, which give a much fuller account of the conversations than anything that he had hitherto received.

[16671]

No. 348.

Sir Edward Grey to Sir A. Nicolson.

(No. 227.)

(Telegraphic.) P.

Foreign Office, May 12, 1910.

CONCESSIONS, &c., in Persia. (See Mr. Marling's telegram No. 227 of yesterday.)

In accordance with his suggestion, the words "means of communication" should be substituted for "railroads, roads," in the text which has already been telegraphed to you.

[16670]

No. 349.

Sir Edward Grey to Mr. Marling.

(No. 147.)

(Telegraphic.) P.

Foreign Office, May 12, 1910.

INTERNATIONAL syndicate.

Your telegram No. 226 of the 11th May.

We were originally informed that the syndicate's aim was reorganisation of Persian finance, consolidation of the debt, and redemption of loans advanced by Imperial Bank of Persia and Russian Bank, as well as by the two Governments. Security was surplus of customs receipts.

We declined in our reply to agree to the payment of our Government loans or to the support of any scheme by which the debt to Russia should be converted.

In such circumstances, the success of the international syndicate's negotiations is hardly possible.

[16075]

No. 350.

Sir Edward Grey to Mr. Marling.

(No. 83.)

Sir,

Foreign Office, May 12, 1910.

LORD STRATHCONA and Mr. Wallace, of the Anglo-Persian Oil Company, called on the 3rd instant to discuss the question of a loan to the Persian Government.

Mr. Wallace enquired whether His Majesty's Government would advance 200,000*l.* towards a loan to be made by the oil company.

Mr. Mallet, who received these gentlemen, did not encourage the idea, since the operation would be a difficult one, and would not be favoured by the Treasury and India Office.

Mr. Wallace then asked whether, if the oil company made a loan, His Majesty's Government would "take note" of it. Mr. Mallet deferred a definite reply on this point until Mr. Wallace called again on the 6th instant, when that gentleman, after consultation with his friends in Glasgow, appeared less anxious to proceed in the matter, and urged that if the Foreign Office were so anxious for the oil company to take up the business, this department should be prepared to assist in carrying it out. Mr. Mallet replied by reminding Mr. Wallace that it was Lord Stratheona who had volunteered to make a loan, and that the Foreign Office had not approached the oil company with this object in view; he added that he did not anticipate any difficulty in obtaining money for Persia, if such a course were desirable, since two or more firms had shown great anxiety to lend. If Lord Stratheona desired to come forward, His Majesty's Government would be pleased, because his name was a guarantee of the soundness of the undertaking; but it must at the same time be explicitly understood that His Majesty's Government did not urge his doing so. Mr. Mallet then said that the utmost His Majesty's Government would be prepared to do would be to "take note" of the contract, on the understanding that the security would be the Persian Government's interest in the oil company, and possibly a second lien on the customs.

[1722]

2 T

Mr. Mallet further stated that such action on the part of His Majesty's Government would not lose its validity in the event of a change of Government in Persia, and that if the Persian Government defaulted His Majesty's Government would support the oil company, by diplomatic means, in obtaining redress.

He added that, for the present, it did not appear probable that the Persian Government would require an external loan, as information had just been received to the effect that they intended to raise an internal loan.

I am, &c.
E. GREY.

[16457]

No. 351.

Foreign Office to Admiralty.

Sir, *Foreign Office May 12, 1910.*
IN continuation of my letter of the 10th instant, relative to the dispute which has arisen between the Sheikh of Mohammerah and the Turkish local authorities, I am directed by Secretary Sir Edward Grey to transmit to you herewith, for the information of the Lords Commissioners of the Admiralty, paraphrases of further telegrams from His Majesty's representatives at Constantinople and Tehran,* showing that the matter is in a fair way of amicable settlement through negotiations on the spot.

I am, &c.
LOUIS MALLET.

[16970]

No. 352.

Messrs. Gray, Dawes, and Co. to Foreign Office.—(Received May 13.)

Sir, *23, Great Winchester Street, London, May 12, 1910.*
WITH the steady development of Bahrein, our agents there have written to us regarding the importance of obtaining more rapid means of communication with the outer world than is at present supplied by the Bombay weekly mail steamers, and we would earnestly urge upon His Majesty's Government the necessity (both from a commercial and political standpoint) of establishing telegraphic communication as soon as possible.

Bahrein is growing rapidly in importance, and, realising that there is no telegraphic communication on the Arab littoral—between Muscat in the south-east and Fao in the north-west of the Persian Gulf—it would appear to be worthy of consideration whether, by placing a wireless telegraphic station at Bahrein, the existing station at Jask could not be utilised to bring the Arab coast into direct telegraphic communication with the Persian Gulf ports, as well as India and Europe.

We would like, at the same time, to bring before you the unsatisfactory telegraphic communication now at Mohammerah. The line at present existing, we understand, is very inefficiently worked by the Persians, while it might with advantage be connected with and controlled by the Indo-European system.

With the great development that will no doubt very shortly take place at Mohammerah in connection with the prospective oil industry, and the opening up of the Karun district by trade along that route to Ispahan and Central Persia, it is most desirable that this long neglected district should come more directly under British influence.

We have, &c.
GRAY, DAWES, AND Co.

* Nos. 325 and 340, and No. 323.

[16999]

No. 353.

Messrs. Crump and Son to Foreign Office.—(Received May 13.)

Dear Sir, *17, Leadenhall Street, London, May 12, 1910.*
WE regret to have to inform you that Mr. Castelli's efforts to identify his firm's carpets have met with no success. We hope shortly to receive a full report from him, on receipt of which we will communicate further with you.
Yours truly,
WILLIAM A. CRUMP AND SON.

[16976]

No. 354.

Mr. F. C. Strick to Foreign Office.—(Received May 13.)

Sir, *Baltic House, Leadenhall Street, London, May 13, 1910.*
REFERRING to my interview with Mr. Norman on Tuesday last, the following are copies of cablegrams which have since been exchanged between my firm and Mr. David Brown, their Tehran agent:—

Received from Mr. Brown, the 10th May:—

"Persian Government wishes you to come to an understanding, if possible, with A. Weir and Co., to relieve them and Moin-ut-Tujjar of any claims arising out of A. Weir and Co. contract. As compensation, can you offer [? can offer you] in addition to contract, as per our telegram of the 14th April, 1,000 tons this year free?"

Sent to Mr. Brown, the 10th May:—

"Give guarantee asked in consideration of 1,000 tons free, but try utmost 2,000 tons."

Received from Mr. Brown, the 11th May:—

"Have completed the purchase 30,000 tons; delivery 6,000 tons yearly; 40s. per ton, payable 15,000l. cash, 30s. per ton on shipments. Persian Government undertake not to sell any other parties, nor ship on their account during terms of contract. In addition [? to] Persian Government give 1,000 tons free-on-board, and Frank C. Strick and Co. (Limited) take full responsibility for any claim against Persian Government or Moin-ut-Tujjar under A. Weir and Co. contract. Authorise payment 15,000l. Foregoing cancels purchase 2nd April."

Sent to Mr. Brown, the 12th May:—

"See contract conforms to our cable of the 13th April regarding quality, our cable the 16th April regarding exclusivity. Cabling transfer to-day."

The following are copies of our cables of the 13th and 16th April, referred to in our message of yesterday's date to Mr. D. Brown:—

Sent to Mr. Brown, the 13th April:—

"With exclusivity you may contract for 6,000 tons yearly, for four years, commencing January 1911; maximum 2l. free-on-board; usual standard quality hitherto shipped Hormuz."

Sent to Mr. Brown, the 16th April:—

"Understand Government undertaking not sell means Government will reserve as Hormuz oxide exclusively during contract."

For your information, my firm cabled a transfer of 15,000l. yesterday, through the Imperial Bank of Persia, to the credit of Mr. D. Brown, of Tehran, for him to hand over to the Persian Government.

I enclose a copy of letter written by my firm yesterday to Messrs Andrew Weir and Co.

I have, &c.
FRANK C. STRICK.

Enclosure in No. 354.

Messrs. F. C. Strick and Co. to Messrs. Andrew Weir and Co.

Dear Sirs,

May 12, 1910.

IN accordance with your request over the telephone that we should discuss matters regarding Hormuz red iron ore with your sales agents, Messrs. Ellinger and Co., of Manchester, we beg to advise you that since then we have had the pleasure of seeing Mr. Martin Ellinger on two or three occasions, and that, at our last interview with him on the 5th instant, we told him that we should be pleased to enter into a pooling arrangement as regards your and our stocks, *i.e.*, to pool your stock of oxide in Germany and in England, which we understood from Mr. Ellinger amounted altogether to about 6,600 tons, with 5,000 tons of ours, part of which has been shipped, part of which is in course of shipment, and balance is to follow.

Mr. Ellinger, however, stated that no such arrangement would be entertained by you unless it was agreed that all future business connected with Hormuz should be worked for your and our joint account. In other words, that you and we should be considered as jointly and equally interested in all future Hormuz business, whether same were secured by your good selves or by us.

We explained to Mr. Ellinger that such an arrangement would not suit us, whereupon Mr. Ellinger stated that it was useless discussing matters further.

Now in order that there may be no misunderstanding between us, we beg to repeat that we are quite ready to pool your 6,600 tons with 5,000 tons of ours, on any reasonable terms which we have no doubt can be easily arranged between us, thereby enabling us both to make a profit instead of a loss, which would necessarily result from competition between us.

We should be glad if you would give our proposal your early consideration and let us have your views early next week, as we are being pressed for offers of oxide, but naturally in the meantime will not move in the matter.

Yours faithfully,
(For Frank C. Strick and Co. (Limited)),
FRANK C. STRICK.

[17054]

No. 355.

Mr. Marling to Sir Edward Grey.—(Received May 13.)

(No. 228.)

(Telegraphic.) P.

GERMANY and Persia.

Tehran, May 13, 1910.

With reference to your telegram No. 133 of the 7th May, M. Poklewsky has informed me that a conversation took place between German Ambassador at St. Petersburg and M. Isvolsky, in course of which former insisted that the two Powers should postpone pressing Persian Government for a reply with regard to concessions until an understanding between them and Germany had been concluded on the subject.

I submit that if we agree to Germany's demand and do not continue to press Persian Government for a satisfactory reply, it will become common knowledge that the two Powers have yielded to German insistence, which will very greatly weaken the position of the two Powers in Persia.

M. Poklewsky informs me that Russian Ambassador in London was informed by telegraph on the 11th May of above-mentioned conversation.

[17017]

No. 356.

Sir F. Cartwright to Sir Edward Grey.—(Received May 13.)

(No. 24.)

(Telegraphic.) P.

Vienna, May 13, 1910.

I HAVE received a visit from the editor of the newspaper which takes its views from the Ministry for Foreign Affairs here. He came to warn me that the Persian question was seriously viewed by that Ministry, and told me (on information which Count Aehrenthal has no doubt received from Germany) that the German Ambassador in London had had interviews with both you and Sir Charles Hardinge, the latter of which had been even more unsatisfactory than the former. It is clear that Germany is magnifying the crisis and creating considerable alarm here in order to gain the support of Austria-Hungary. Statements are being made here by the German Ambassador to the effect that a crisis more dangerous than the Bosnian or Morocco one will be caused by the Persian question unless a more conciliatory attitude is adopted by Great Britain and Russia. I learn that a memorandum on Persia is being prepared for Count Aehrenthal's information by the Foreign Office here, though a few days ago he told me that he took but small interest in Persian affairs, about which he knew very little. If a serious crisis arrives Count Aehrenthal will, I gather, be compelled to support Germany, though from what I can ascertain he is reluctant to be dragged into the dispute regarding Persian affairs. The impression of the French Ambassador, who had a conversation with Count Aehrenthal, is that the latter would be glad to moderate the attitude of Germany, if he could see his way to use his influence at Berlin with that object. M. Crozier was somewhat alarmed, when I saw him last night, at Germany's action here.

I should be glad to be furnished with your views on these matters before I pay my farewell visit to Count Aehrenthal on leaving for London. I shall see his Excellency to-morrow morning.

[17794]

No. 357.

M. Isvolsky to Count Benckendorff.—(Communicated to Foreign Office, May 13.)

(Confidentiel.)

(Télégraphique.)

Saint-Petersbourg, le 29 avril

(12 mai), 1910.

JE reçois de Sir Arthur Nicolson le projet d'une communication identique à faire au Gouvernement persan, soumis par Mr. Marling à l'approbation de son Gouvernement et correspondant entièrement au texte télégraphié par M. Poklewski. L'Ambassadeur dit que Sir E. Grey n'approuve pas la dernière partie de ce projet et propose la rédaction suivante :—

“ En vue de la difficulté de spécifier les concessions qui pourraient être nuisibles à leurs intérêts politiques ou stratégiques, les deux Puissances s'attendent à ce qu'avant d'accorder des concessions quelconques de chemins de fer, de routes*, de télégraphes, ou de ports à un sujet étranger, le Gouvernement persan entrera dans un échange de vues avec elles pour établir les mesures par lesquelles les intérêts politiques ou stratégiques des deux Puissances pourraient être dûment garantis.”

Je partage entièrement l'avis de Sir E. Grey quant à la dernière partie du projet élaboré à Téhéran. Mais en ce qui concerne la première partie, je crois qu'il sera plus prudent de ne pas y introduire les mots “ chemins de fer, routes, télégraphes, ou ports,” suggérés par lui, car il pourrait y avoir d'autres concessions encore qui nous seraient nuisibles au point de vue politique ou stratégique.

Il ne faut pas perdre de vue que si nous exigeons du Gouvernement persan un engagement formel dans le sens de la note identique du 25 mars, cela pourrait provoquer des protestations à Téhéran de la part de l'Allemagne, ce qui entraînerait à son tour des complications sérieuses.

Nous trouvons par conséquent qu'il est préférable de ne pas insister pour le moment à ce que le Gouvernement persan contracte l'engagement en question. On pourrait au lieu de cela ajouter à la communication projetée la phrase que si le Gouvernement persan ne se conforme pas au désir des deux Puissances, ces dernières

* This has since been changed to “voies de communication” (“means of communication”).—C. H.

ne manqueront pas de prendre les mesures qu'elles trouveraient nécessaires pour défendre leurs intérêts.

Nous proposons par suite le texte suivant de la communication identique :—

" En vue de la difficulté de spécifier à l'avance les concessions qui pourraient nuire aux intérêts politiques ou stratégiques des deux Puissances, ces dernières s'attendent à ce qu'avant d'accorder des concessions à des étrangers, le Gouvernement persan entre chaque fois dans un échange de vues avec ces deux Puissances. Si le Gouvernement persan ne se conforme pas à ce désir des deux Puissances, ces dernières ne manqueront pas de prendre des mesures qu'elles trouveront nécessaires pour défendre leurs intérêts."

[Addition by Count Benckendorff :

M. Isvolsky voudrait connaître l'opinion de Sir Edward Grey.]

[17017]

No. 358.

Sir Edward Grey to Sir P. Cartwright.

(No. 23.)

(Telegraphic.) P.

GERMANY and Persia.

Foreign Office, May 13, 1910.

Following is summary of recent negotiations, as requested in your telegram No. 24 of this morning :—

I suggested to the German chargé d'affaires on the 31st March that, although it was out of the question that England and Germany should come to a general agreement which made no reference to a mutual reduction of armaments, yet it was still possible that some arrangement could be concluded between Germany, Russia, and Great Britain (as well as France, about whom there would be no difficulty), which might include the Bagdad Railway and questions connected with Persia.

I assured Herr von Kühlmann, with regard to Persia, that we did not in the least desire to create a commercial monopoly, but that, owing to our peculiar position, it was essential for us to guard against the grant to others by a weak Government of concessions of political or strategic importance, and to keep a very close watch over our own political and strategic interests in that quarter. This friendly communication elicited a few days afterwards a verbal and written statement that Germany would not negotiate as to the Bagdad Railway at all, except as part of a general understanding, but that they might admit British participation in the Bagdad Gulf section if, firstly, an *entente* were arranged on all matters general and political, and, secondly, if we consented to share with Germany any concession which might be granted to us by the Persian Government. If we agreed to this Germany was ready to recognise the special interests of Great Britain in the British sphere of Persia. (It is to be remarked that this assurance was not extended to the neutral sphere.) As I was unable to discuss this last proposal with Mr. Asquith before he went abroad, I have not as yet replied formally to it.

On the 5th May, however, Herr von Kühlmann conveyed to me an intimation that it would be a good thing if some progress were made at once with the question of the agreement about Persia, and on the 6th May Sir C. Hardinge saw Herr von Kühlmann (see my telegrams Nos. 221 and 222 of the 11th May to St. Petersburg). On the 10th May I had an interview with Count Metternich. His Excellency said that if Great Britain and Russia would make an agreement with Germany prior to obtaining from the Persian Government the condition that the latter will not grant to other Powers concessions of strategic or political importance (which is what we are at present urging Persian Government to grant), Germany would, in return, recognise the claims of the two Powers to a sort of favoured optional right in their respective spheres with regard to roads, railroads, and telegraphs. You will notice that his Excellency's proposal is a considerably less advantageous one than that put forward by Herr von Kühlmann. His Excellency threw out a hint that if an agreement on these lines were concluded a settlement of the Bagdad Railway question would be facilitated, but he gave no undertaking that such an agreement would include a solution of that question.

To this I answered that, though I by no means wished to close the discussion, I could not in present circumstances continue it immediately.

[15558]

No. 359.

Sir Edward Grey to Mr. Marling.

(No. 84.)

Sir,

Foreign Office, May 13, 1910.

I HAVE received Sir G. Barclay's despatch No. 39 of the 18th March, reporting the steps which he has taken to obtain redress for the murder of certain Ismailis in the neighbourhood of Nishapur.

In view of the consideration advanced by Sir G. Barclay in the last paragraph of his despatch, I concur in his opinion that the Minister of the Interior should not further be pressed in the matter, except in the event of the Ismailis of the Nishapur district being again molested.

I am, &c.

E. GREY.

[17118]

No. 360.

India Office to Foreign Office.—(Received May 14.)

Sir,

India Office, May 13, 1910.

I AM directed by the Secretary of State for India to acknowledge the receipt of your letter of the 6th instant regarding the measures to be taken for the restoration of order and security on the roads of Southern Persia.

Viscount Morley believes that the present condition of these roads is due primarily to the inability of the Persian Government to find money for the payment of efficient guards. If Sir E. Grey is of opinion that the threat of increasing the consular escort is likely to cause the money to be forthcoming, Lord Morley concurs in Mr. Marling's suggestion; but he would view with great regret the necessity of carrying the threat into execution, which will annoy the Persian Government and furnish a pretext for continuing their occupation to the Russian Government, without to any appreciable degree adding to the security of the roads for the ordinary traveller.

He is inclined, therefore, to suggest, for Sir E. Grey's consideration, that, before addressing the Persian Government in the terms proposed, Mr. Marling should be instructed to discuss the situation with them in friendly but quite frank terms, and enquire what steps they now propose to take to restore order, and whether His Majesty's Government can (consistently with our obligations to Russia) be of any assistance to them. If the answer is unsatisfactory it may be necessary to have recourse to the threat, but Lord Morley ventures to urge that—in the first instance, at any rate—it should be made easy for the Persian Government to take action on their own account.

I am, &c.

COLIN G. CAMPBELL.

[17795]

No. 361.

Note addressed to Count Benckendorff by M. Isvolsky.—(Communicated to Foreign Office, May 14, 1910.)

AU cours d'une conversation au sujet des affaires de Perse, M. de Schoen a dit à l'Ambassadeur de Russie que, d'après l'impression du Comte de Metternich, Sir Edward Grey ne compte pas renoncer à la poursuite de la démarche faite en commun avec la Russie à Téhéran. M. de Schoen craint que cette attitude de nos deux Cabinets à Téhéran n'oblige l'Allemagne—ne fût-ce que pour satisfaire l'opinion publique—d'attirer l'attention du Gouvernement persan sur cette infraction au principe de la nation la plus favorisée dont jouit le Gouvernement allemand en Perse. Cette déclaration ferait craindre au Secrétaire d'État allemand qu'elle ne serve d'encouragement à la Perse à l'espoir d'un soutien de l'Allemagne dans sa résistance envers la Russie et l'Angleterre, pouvant amener une situation plus difficile encore, et il persiste à penser qu'il vaudrait mieux éviter cette éventualité et cela en entrant immédiatement en pourparlers amicaux entre les trois Cabinets.

Il s'agirait pour le moment d'éviter un fait accompli; on pourrait atteindre ce but,

au dire du Baron de Schoen, en se contentant, en attendant, d'une assurance " verbale " donnée par le Ministre des Affaires Étrangères persan de tenir compte de l'avis contenu dans la démarche anglo-russe en question.

D'autre part, l'Ambassadeur d'Allemagne à Saint-Petersbourg a donné lecture à M. Isvolsky d'un télégramme de M. de Schoen reproduisant presque textuellement la conversation relatée par le Comte Osten Sacken.

M. Isvolsky a répondu au Comte de Pourtalès que nous étions très désireux d'entrer en un échange de vues amical avec l'Allemagne au sujet des affaires persanes.

Il a ajouté que nous ne voudrions évidemment rien faire pour rendre un accord plus difficile, mais qu'avant de donner une réponse décisive au Baron de Schoen il devait s'informer de l'état exact des choses à Téhéran et se mettre en communication avec le Cabinet de Londres.

[17900]

No. 362.

Memorandum by Mirza Mehdi Khan.—(Communicated May 14.)

THE Persian Minister communicated to his Government the contents of the memorandum which Sir Charles Hardinge, in the absence of Sir Edward Grey, read and handed to him on the 6th instant. The Persian Minister is directed to convey to Sir Edward Grey the best thanks of the Imperial Persian Government for what he was good enough to say regarding the friendly sentiments which His Britannic Majesty's Government entertain towards the new régime, and for their desire in no way to hamper the development on national lines of Persia and of its resources. The Persian Minister is directed to firmly assure Sir Edward Grey of the sincere and earnest desire and determination of his Government to promote and maintain the friendship and the good feeling which happily exists between the two Governments.

So as to avoid any misunderstanding, the Persian Government have instructed the Minister to inform His Britannic Majesty's Government of the communications passed between the representatives of Great Britain and Russia and the Persian Government since the presentation of the joint note on the 7th ultimo. In this note, it will be remembered, the two Great Powers, while admitting the right of the Imperial Persian Government to borrow money where they chose, made the following conditions:—

1. That the securities pledged for the loans from the two Powers be not hypothecated for new loans.
2. That a previous arrangement be arrived at regarding the floating debts of the two Governments, so that the interest, the mode of payment, and the source whence they will be paid may be known.

In addition to the above, the joint note asked that no concessions which were likely to be prejudicial to the political or strategical interests of the two Powers be granted to the subjects of other Governments.

On the 4th May the two representatives called on the Persian Minister for Foreign Affairs and read a memorandum. The purport of the memorandum was to ask for a reply to the joint note of the 7th April. At the same time, they verbally explained the meaning of the last part of the joint note. They said it meant that, in order that the interests of the two Powers may be safeguarded, the Persian Government should consult the two Governments prior to granting any concession to the subjects of other Powers. The Minister for Foreign Affairs replied that, so far as loans were concerned, the Persian Government would not pledge for other loans the securities they have given for the loans from the two Powers. As for a definite arrangement for the floating debts, viz., the interest to be paid on them and the regular payment of the instalments, the Persian Government were prepared to do that with the assistance of the two Governments. As to the last part of the joint note, the Minister for Foreign Affairs stated at the interview that the meaning of it was not clear to the Persian Government. If, as it was rumoured, it referred to the question of railways, he might say that the Persian Government have no intention of giving railway concessions to foreigners, and have decided to reserve it for themselves.

At the conclusion of the interview the Minister for Foreign Affairs promised to send a reply to the joint note on the 7th May. In their reply, which they sent on that day, the Persian Government stated, in regard to the first point raised in the joint note, that they would act in accordance with the provisions of the contracts made for the loans from the two Governments. In regard to the second point, they said they

would make the necessary arrangements with the assistance of the two Great Powers. As to the last point of the joint note, the Imperial Persian Government stated that as it was vague they would defer their reply until the receipt of a written explanation from the two Governments, when they would express their opinion.

Sir Edward Grey will see that the Persian Government have given their reply to the two points raised in the joint note. As to that part of the note which referred to grant of concessions, the Persian Government have deferred their reply until they have the explanations asked for.

Persian Legation, London, May 14, 1910.

[17155]

No. 363.

Messrs. Ellinger and Co. to Foreign Office.—(Received May 14.)

Sir,

28, Oxford Street, Manchester, May 13, 1910.

I UNDERSTAND that an application has been made to the Persian Government by Messrs. Frank C. Strick and Co. for a five years' concession for the Hormuz oxide, and that His Majesty's Legation at Tebran is aware of this.

As the grant of such a concession must necessarily interfere with the rights of Messrs. Andrew Weir and Co. and my firm under the contract with the Muin-ut-Tuijar, I shall be glad to hear that you will oppose this, and that you have cabled Mr. Marling to do so.

I also understand that the bills of lading for the oxide loaded in Messrs. Bucknall's steamer "Pondo" are still in the hands of the Persian Government, and I have reason to believe that diplomatic pressure on the part of Mr. Marling would be sufficient to induce the Persian Government to hand these documents to the Muin, or to my firm, with a view to avoiding damages consequent upon a breach of the contract between Messrs. Andrew Weir and Co. and the Muin and my firm.

I shall be obliged if you will ask Mr. Marling also to take the necessary steps in the matter.

I am, &c.

M. ELLINGER.

[17149]

No. 364.

Messrs. Seligman Brothers to Foreign Office.—(Received May 14.)

Sir,

18, Austin Friars, London, May 13, 1910.

AS a result of the communications which have taken place between the Foreign Office and Colonel Beddoes, of which he has apprised us, we have the honour to inform you that we are ready to begin the necessary negotiations with a view to trying to arrange a loan with the Persian Government, and in such negotiations it will be our earnest desire to consult your wishes at every stage, in order that we may receive your full approval and support.

We believe that any misunderstanding which may have existed has now been removed, and while, in the special circumstances, a loan would not be readily taken up by the public unless it were known that it had been sanctioned by the Foreign Office, we fully realise that it is impossible for you to give in advance any promise of sanction to a contract which has as yet no existence. But our aim will be to have the contract framed on such lines as to meet with your approval, since this approval is, in fact, necessary for us. What we now ask is that you should inform us that, if eventually the proposed contract be satisfactory to you, you will follow the procedure sometimes adopted by Governments in similar cases, and permit a statement to that effect to accompany the issue of the loan. We respectfully put forward this suggestion, as we understand that you will give it your favourable consideration.

We may add that our present intention is to negotiate for a loan the bonds of which would carry 5 per cent. interest, and we should be satisfied with the hypothecation of such securities as are at present unpledged, either for Russian or British Government loans, and we should at all points be fully guided by the views of both Governments.

As the good will of the Russian Government will also, in fact, be necessary, we trust that we shall have your good offices in that direction, and we hope to receive your

[1722]

2 X

assurance that, so long as we act on the lines herein indicated, and keep in touch with His Majesty's Legation at Tehran, we may rely on your assistance to every legitimate and proper extent. At a future date proposals for the unification and conversion of the existing debt would probably be submitted for the consideration of His Majesty's Government and the Russian Government.

We should be grateful to receive from you a letter of introduction to His Majesty's Minister for our representative, who will go to Tehran.

We trust that you are now fully satisfied as to the character of the undertaking. Our object is purely a business one, but we shall at all times endeavour so to conduct our negotiations in Persia as to accord with the special position and well-known interests of Great Britain in that country.

We have, &c.

SELIGMAN BROTHERS.

[17794]

No. 365.

Sir Edward Grey to Sir A. Nicolson.

(No. 233.)

(Telegraphic.) P.

Foreign Office, May 15, 1910.

CONCESSIONS, &c., in Persia.

I have received from Russian Ambassador, in the following terms, the amended draft of communication which it is proposed to make to the Persian Government:—

"In view of the difficulty of defining concessions, which might be injurious to their political or strategic interests, the two Powers expect before granting concessions to foreigners that the Persian Government will on each occasion enter into an exchange of views with them. If the Persian Government do not act in conformity with this desire of the two Powers, the latter will not fail to take such measures as they may find necessary to defend their interests."

It would be difficult to justify to Parliament and to other foreign Powers any action such as demanding that all concessions must in the first place be submitted to Russia and Great Britain. At the same time, I consider that we could get all the political and strategic security we require through the limitation imposed on concessions for "means of communication, telegraphs, and ports." This clearly covers questions as to the navigation of Lake Urumia.

The last sentence of the Russian text is of a menacing tone and almost amounts to an ultimatum, and I do not much like it. I still prefer, as a whole, text which I have already proposed, but I would suggest the following addition in deference to M. Isvolsky's feeling:—

"Any act in contravention of this principle would be regarded as contrary to the traditional friendship so happily existing between Persia and Great Britain and Russia."

Point out to Minister for Foreign Affairs importance of keeping Persian sympathy by refraining from harsh language or too drastic demands, and endeavour to obtain his concurrence in the above proposal. It is also most important not to delay unduly our reply to Persian enquiries. On its delivery pressure on Persia would no longer be necessary, and the controversy with Germany would come to an end.

[17795]

No. 366.

Sir Edward Grey to Sir A. Nicolson.

(No. 234.)

(Telegraphic.) P.

Foreign Office, May 15, 1910.

CONCESSIONS, &c., in Persia.

The text which is suggested in my preceding telegram of to-day fits in with the proposal which, Count Benckendorff informs me, M. de Schoen has made to the Russian Ambassador at Berlin. I do not consider it necessary that the Persian Government should even take note of our demands, and for the present, unless some agreement of a comprehensive nature should come in sight promising us participation in the Bagdad Railway on satisfactory conditions, I do not propose to commit myself further to negotiation about Persia.

[17319]

No. 367.

Mr. Marling to Sir Edward Grey.—(Received May 16.)

(No. 229.)

(Telegraphic.) P.

Tehran, May 16, 1910.

WITH reference to your telegram No. 223 of the 11th May to Sir A. Nicolson:

Persian Government applied some time ago, through Russian Legation, to Russian Government for a supply of arms, and they have now asked for a reply. There is also a rumour that an application will be made to Germany which would indicate that Persian Government are looking for the most advantageous offer. The terms which Persian Government desire, viz., deferred payment by instalments, would probably be refused by a private manufacturer, but could be accepted by Russian Government, and I submit that it would be politic to allow them to supply arms, or at least such of them as Persian Government originally applied for—10,000 rifles and 5,000,000 rounds of ammunition. Something might be effected towards allaying Persian mistrust of Russia if Russian Government would give good value and easy terms.

[17367]

No. 368.

Sir E. Goschen to Sir Edward Grey.—(Received May 17.)

(No. 139. Confidential.)

Sir,

Berlin, May 13, 1910.

I HAVE the honour to inform you that the Imperial Chancellor asked me to call upon him yesterday evening, unfortunately before the arrival of the messenger. His Excellency told me that, as he supposed that I should shortly be going to London, he was anxious that I should be in a position to explain to you his views with regard to the present phase of the Persian question. As, in obedience to the King's commands, I am to have the honour of being present at the funeral of our late Sovereign, I hope, by an early arrival in London, to have an opportunity of laying those views before you.

Shortly, they are to the following effect: That the Imperial Government are sincerely desirous not to find themselves forced to complicate matters by having to make representations to the Persian Government with regard to the most-favoured-nation treatment which they enjoy under their treaty with Persia. Such representations will, however, his Excellency says, inevitably have to be made should the Persian Government give the assurances now being pressed for by the Governments of Great Britain and Russia before an understanding is arrived at between Germany and the two Governments. It was for this reason that he had been so anxious that the present British and Russian action should be stopped, or at all events delayed. I said to his Excellency that I was sure he would readily understand that having taken that action in hand it would never do for the two Governments now to withdraw from the position they had taken up. His Excellency said that he fully recognised the difficulty of doing so, but in view of the reasons he had given to me, and in order to prevent a step which would make a subsequent understanding in Persian, or, indeed, any other, affairs a thousand times more difficult, if not impossible, he hoped that His Majesty's Government would see their way to immediate negotiations for an understanding on Persian affairs on the lines which had been indicated to them, so that the understanding could be published simultaneously with, if not before, the assurances which were now being pressed for from the Persian Government.

Otherwise he would, to his great regret, be forced by public opinion to take the step of recalling to the Persian Government their treaty obligations to Germany. He begged me to impress upon you most strongly that this was a step which he was sincerely anxious to avoid.

The Chancellor spoke with great emphasis, and seemed really perturbed at the idea that he might be obliged by circumstances to take a step which would endanger his policy of friendliness towards Great Britain and throw fresh obstacles in the way of a general political understanding between the two countries. I propose to reserve his Excellency's remarks on this head until my arrival in London.

As an indication of the interest which is beginning to be felt in Germany with regard to the commercial and economic development of Persia, I may mention that the "Kölnische Zeitung" of the 11th May publishes a telegram from its Tehran corre-

spondent stating that the representative of the Deutsche Bank is about to leave for Berlin, after having passed several weeks in Tehran for the purpose of studying economic conditions in Persia.

The correspondent announces that it is being generally rumoured that a decision is now imminent with regard to the participation of German capital in Persia. He adds that in political circles in that country great hopes are being built on the outcome of these negotiations, and that the expectation is entertained that Germany's participation in the commercial opening up of Persia will contribute largely towards extricating her from her present financial embarrassments.

The message concludes with the words: "It is urgently desirable that Germany should not fail to make use of this opportunity to get a footing here and to secure herself for the future a valuable market."

I have, &c.

W. E. GOSCHEN.

[17622]

No. 369.

Sir F. Cartwright to Sir Edward Grey.—(Received May 17.)

(No. 68.)

Sir,

Vienna, May 14, 1910.

I HAVE the honour to report that I saw Count Aehrenthal to-day, and that in the course of the conversation I had with him I alluded to the Persian question. Count Aehrenthal assumed the attitude that the Persian question interested him but very little; he said that he was watching it merely as an outsider; he was entirely impartial with regard to it—he was neutral. I said to him that the German Government did not appear to view the matter as calmly as his Excellency did, and as Germany was the ally of Austria-Hungary, it seemed to me that the Persian question, if allowed to remain unsolved, was likely to affect the Dual Monarchy very considerably. Count Aehrenthal replied that the Persian question only really interested him if it should unfortunately be transferred from being a local question in distant Asia to being a European question of the first magnitude. He hoped that it would never acquire such dimensions, and he expressed his confidence that the diplomatic wisdom of Great Britain, Russia, and Germany combined would find a solution for what, after all, appeared to him to be a matter of secondary importance. I said to his Excellency that Germany seemed to me to be somewhat too exacting in her demands for a settlement of the Persian question. Count Aehrenthal observed that Germany was merely looking after her own interests, and that every nation tried to get as big a slice of the pudding as she possibly could. He seemed to imply that the whole Persian question was merely one of give and take, and that eventually both sides would have the common sense to moderate their aspirations. His Excellency did not think that any sane person wished to bring about a conflict for the sake of Persia, and certainly Austria-Hungary did not desire to see such a conflict arise, as her own interests in Persia were quite insignificant. Count Aehrenthal's advice was that Great Britain and Germany should meet each other half way and come to a settlement of their respective interests in Persia in an amicable manner, opening thereby the way to a reconciliation between them all along the line. I said to Count Aehrenthal that the interests of Great Britain and Russia in Persia were quite peculiar, and differed from those of other nations. We both were great Asiatic Powers, and Persia lay between our respective territories, and we could not be indifferent as to the foreign political influences which might be developed in the near future in that country. We did not desire to exclude other nations from having legitimate trade with Persia; we were for the "open door" in the true sense of that word, but we and Russia were especially opposed to the granting of concessions of political importance to third parties without our being consulted in the matter. That we sincerely desired to maintain the independence and the integrity of Persia was clear enough, for it was by our efforts that Persia had been saved from breaking up owing to the misgovernment of her rulers. If we had wanted to deal a blow at the integrity of Persia we could have done so over and over again; that we had not done so must be put down to our credit, and other nations must bear this fact in mind, and not assume that because Persia was technically independent they were at liberty to misuse her rights of independence merely to create difficulties for the two Powers which had supreme interests in that part of the world. I pointed out to Count Aehrenthal that if Russia were suddenly to bring pressure to bear at Constantinople to obtain from the Porte concessions for the construction of purely political railways in Albania, or to

obtain a concession to create a commercial port on the Albanian coast—which might afterwards serve as a Russian naval base—both Italy and the Dual Monarchy, with Germany at their back, would use all their diplomatic thunder at Constantinople to protest against such concessions being granted to a Power which had no legitimate interests in Albania to look after. Count Aehrenthal replied that he certainly would object if Russia began to show too great an interest in Albania, but, as regards Persia, he stated that he could understand that Germany, with her ever-increasing population, could not allow distant markets to be closed to her without making an effort to keep them open. His Excellency talked a good deal about the sovereign rights of independent States, but he did this in a rather languid manner as if he did not know what arguments to use in defence of Germany's recent action in Persia. At this point Count Aehrenthal made an observation which is worth recording: On my repeating to him that the freedom of commerce of all nations would run no real risks of being interfered with if the Persian Government gave Great Britain and Russia the guarantees asked for by these two Powers with regard to the granting of concessions, Count Aehrenthal confessed to me that he would be perfectly satisfied if an assurance to this effect were given to him by Great Britain, but that he would not feel the same confidence if such an assurance were given to him by Russia. He declared that if no railways were to be built in Northern Persia except with the consent of Russia, it meant that Russia would allow none to be constructed but such as would connect with railway lines in the Caucasus; in other words, Russia could, and would, throttle any foreign trade which passed through that province on its way to Persia; that was where Austro-Hungarian interests were touched, for her trade could only reach Persia through the Caucasus, where its passage was already impeded by every kind of restriction. For this reason, Count Aehrenthal said, Austria-Hungary sympathised with Germany's action with regard to Persia; nevertheless, he gave me to understand that he would deeply regret if the Persian question were to cause the renewal of bad blood between Great Britain and Germany. He admitted that, of course, Great Britain and Russia had one simple way of settling the Persian question, and that was to walk in and to divide Persia, or at least to deprive her of her absolute independence. However, if we acted in this way and rode rough-shod over German interests and sentiment, we would produce, said Count Aehrenthal, a most deplorable situation in Europe which, he hoped, the wisdom and the common sense of the rulers and the statesmen of Great Britain, Russia, and Germany would spare us from. His Excellency concluded by saying that all the Great Powers were sincerely animated by the desire of maintaining the peace of the world, and that he felt confident that this peace could be secured by the opposing parties examining the matters in dispute in a spirit of moderation and common sense.

I have, &c.

FAIRFAX L. CARTWRIGHT.

[17672]

No. 370.

Messrs. Ellinger and Co. to Foreign Office.—(Received May 17.)

Sir,

28, Oxford Street, Manchester, May 14, 1910.

I NOW hear that Messrs. Bucknall's steamer "Amatonga" is now loading oxide at the island of Hormuz, and I shall be glad to hear that, in accordance with Mr. Norman's letter of the 3rd May, 1909, Mr. Marling is fully alive to the necessity of preventing the violation of the rights of Messrs. Andrew Weir and Co. by the shipment of oxide by the steamer "Amatonga."

I am, &c.

M. ELLINGER.

[17679]

No. 371.

Sir A. Nicolson to Sir Edward Grey.—(Received May 17.)

(No. 150.)

(Telegraphic.) P.

St. Petersburg, May 17, 1910.

PROPOSED joint communication to Persian Government.

Your telegram No. 233 of the 15th May.

The amended draft of the communication, as given in your telegram No. 233, is

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accepted by M. Isvolsky, but he would prefer to omit the words "measures may be devised whereby." The sentence would then run as follows: "in order that the political or strategical interests of the two Powers may be duly safeguarded." M. Isvolsky accepts the sentence which you have added to take the place of the ending suggested by him.

If you agree that the words mentioned above may be omitted, M. Isvolsky will send to M. Poklewsky the necessary instructions.

[17705]

No. 372.

Mr. Marling to Sir Edward Grey.—(Received May 17.)

(No. 230.)

(Telegraphic.) P.

Tehran, May 17, 1910.

TURKS and Sheikh of Mohammerah.

In continuation of my telegram No. 224 of the 10th May, I have the honour to report that His Majesty's consul-general at Bushire still urges the recall of the Vali of Bussorah. The letter brought by Haji Reis, he points out, lays all the blame on Sheikh Khazzal, and renders him responsible in future for the maintenance of harmonious relations by the conditions which it imposes; on the other hand, it contains no expression of regret nor offer of reparation for the shelling of sheikh's mother's house, for damage to property which is estimated at 600L., nor for the death of his wife.

His Majesty's consul-general believes that Lieutenant Wilson will be able to persuade the sheikh, who has not yet returned, to accept the conditions, and that a *modus vivendi* will be re-established. But in the absence of any offer of satisfactory reparation, it will be impossible for the sheikh to resume satisfactory personal relations with the vali. Sheikh, moreover, will feel that, although he has followed our pacific advice, he has gained nothing from us in return.

If matters are left as they are, I entirely agree with His Majesty's consul-general at Bushire that our influence with sheikh will suffer, and, in view of his real grievances as set forth above, mere expressions of regret would be inadequate. I am informed that vali is at Bagdad at present.

[17792]

No. 373.

Sir Edward Grey to Sir A. Nicolson.

(No. 244.)

(Telegraphic.) P.

Foreign Office, May 17, 1910.

GERMANY and Persia.

In conversation with Count Metternich I detailed promises of Persian Government in reply to our note of the 7th April as to new loans, and added that we should not fail to keep them to these promises.

I also told German Ambassador, with regard to the question of concessions, that we were considering our reply to a request from Persian Government for an explanation of our demands, and made it clear to his Excellency that the least demand we could make was that foreigners should not receive concessions for harbours, means of communication, and the like, without the opportunity being given us of safeguarding our political and strategic interests, and of seeing that they were not prejudiced by such concessions. These demands, I said, did not seem to me to give adequate cause for a protest from Germany at Tehran, and, in referring to Count Metternich's words on the subject of a protest at Tehran, I said that, were Persian Government to grant to a third party a concession which was prejudicial to our political or strategic interests, and thus confront us with a *fait accompli*, we should not confine ourselves to a strong protest at Tehran, but should safeguard our interests by whatever measures we thought necessary in Persia itself.

I took the opportunity of remarking to his Excellency that the question was not an urgent one as he represented it to be, and that it would not become so until either Germany obtained a concession prejudicial to our interests or we took some step which might lead to Germany's exclusion.

In conclusion, I said that, unless the Bagdad Railway question were included in an agreement about Persia, I could not entertain the idea of such an arrangement.

Beyond remarking that there were signs that German negotiations at St. Petersburg were likely to progress favourably, Count Metternich made no further communication.

[17679]

No. 374.

Sir Edward Grey to Sir A. Nicolson.

(No. 245.)

(Telegraphic.) P.

Foreign Office, May 17, 1910.

CONCESSIONS, &c., in Persia.

Your telegram No. 159 of the 17th May.

His Majesty's chargé d'affaires at Tehran has received necessary instructions.

[2744 r—7]

[17679]

No. 375.

Sir Edward Grey to Mr. Marling.

(No. 153.)

(Telegraphic.) P.

Foreign Office, May 17, 1910.

CONCESSIONS, &c., in Persia.

You may co-operate with your Russian colleague in making to Persian Government following reply, which is text finally agreed upon:—

"In view of the difficulty of defining concessions which might be injurious to their political or strategic interests, the two Powers expect that, before granting any concession for means of communication, telegraph, or harbours to a foreign subject, the Persian Government will enter into an exchange of views in order that the political or strategic interests of the two Powers may be duly safeguarded.

"Any act in contravention of this principle would be regarded as contrary to the traditional friendship so happily existing between Persia and Great Britain and Russia."

[16484]

No. 376.

Sir Edward Grey to Count Metternich.

Your Excellency,

Foreign Office, May 17, 1910.

ON the 5th instant, Herr von Kühlmann, in the course of a conversation relative to the affairs of Persia, stated that he had heard that some bullion belonging to the Imperial Bank of Persia had been stolen by the soldiers of Ain-ed-Dowleh during the siege of Tabreez, and that its loss had been made good out of the customs receipts of Bushire while the custom-house of that port was in the occupation of British troops.

I was unable at the moment to give Herr von Kühlmann definite information on the point, but I promised him that I would make enquiries into the matter.

I have now done so, and I learn that sums in bullion amounting in all to about 90,000 tomans, which were on their way from the Imperial Bank of Persia at Tehran to its Tabreez branch, were stolen by the soldiers of Ain-ed-Dowleh in the latter part of the year 1908 and in January 1909.

In consequence of this outrage, His Majesty's Minister at Tehran put forward a claim upon the Persian Government for a refund of the stolen money.

A great part of this money was eventually recovered from Ain-ed-Dowleh himself, and almost the whole of the remainder was paid over by the Persian Government from the customs receipts at Bushire before British marines landed at that port on the 11th April.

The disembarkation of British troops took place solely to protect the custom-house from the depredations of Seyyid Murteza, who was then in control of the town and who had already appropriated large sums from the customs receipts, and their presence was in no way utilised to obtain the repayment of the bullion stolen by Ain-ed-Dowleh or the settlement of any other claim.

I have, &c.

E. GREY.

[17811]

No. 377.

Sir A. Nicolson to Sir Edward Grey.—(Received May 18.)

(No. 152.)

(Telegraphic.) P.

St. Petersburg, May 18, 1910.

JOINT communication to Persian Government as to concessions.

Your telegram No. 245 of the 17th May.

M. Isvolsky is instructing M. Poklewsky to send in the warning.

M. Isvolsky understands that you accept his suggestion that the words "measures may be devised whereby" be omitted.

[17812]

No. 378

Sir A. Nicolson to Sir Edward Grey.—(Received May 18.)

(No. 153.)

(Telegraphic.) P.

St. Petersburg, May 18, 1910.

INTERVENTION of Germany in Persian affairs.

I saw M. Isvolsky to-day, and read to him your telegram No. 244 of the 17th May. He took notes of your remarks to Count Metternich, in order that, in any conversations which he may have with the German Ambassador here, he may conform his language to yours.

He said that he considered your language to Count Metternich clear, firm, and moderate.

[17793]

No. 379.

Mr. Marling to Sir Edward Grey.—(Received May 18.)

(No. 231.)

(Telegraphic.) P.

Tehran, May 18, 1910.

I HAVE the honour to report that Saïd Ruete has been recalled to Berlin for a conference with Deutsche Bank, and has left Tehran. He says that he sees little opportunity for successful enterprise at present. He is of opinion, however, that a bank could pay its way.

[17705]

No. 380.

Sir Edward Grey to Sir G. Lowther.

(No. 107.)

(Telegraphic.) P.

Foreign Office, May 18, 1910.

PLEASE telegraph the observations of His Majesty's consul at Bussorah on Mr. Marling's telegram No. 230 of yesterday respecting the dispute between the vali and the Sheikh of Mohammerah.

[17800]

No. 381.

India Office to Foreign Office.—(Received May 18.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram from the Viceroy, dated the 17th May, relative to Turkish action in the vicinity of Mohammerah.

India Office, May 18, 1910.

Enclosure in No. 381.

Government of India to Viscount Morley.

(Telegraphic.) P.

May 17, 1910.

SEE your telegram, dated the 12th May, respecting Mohammerah.

Unless there are reasons, such as German backing, which may make it inadvisable to do so, I trust that His Majesty's Government may see their way to press for recall of acting vali in view of telegrams of 13th and 14th May from resident, Persian Gulf, to Tehran Legation, which have doubtless been repeated to His Majesty's Government. Strong action on our part seems to be very necessary, as aggressive action by Turks at Bussorah must reflect on our relations with chiefs at the head of the Gulf.

[16602]

No. 382.

Sir Edward Grey to Sir A. Nicolson.

(No. 148.)

Sir,

Foreign Office, May 18, 1910.

WITH reference to my despatch No. 133 of the 3rd instant relative to the negotiations between the Indo-European Telegraph Company and the Russian Government regarding the Tehran-Khanikin telegraph line, I transmit to your Excellency herewith copy of the letter which, as stated in the last paragraph of that despatch, I caused to be addressed to the company on the subject,* together with copy of the reply which they have now returned to that communication.†

The attitude of the company with regard to this question appears to me somewhat obscure, since whereas, from Mr. Pagenkopf's letter to the Russian director of telegraphs, copy of which was enclosed in your Excellency's despatch No. 196 of the 18th ultimo, they would seem to be willing to take over the working of all telegraph lines in northern, north-western, and western Persia under certain conditions; they adopt an altogether different attitude in their more recent letter to this office.

Your Excellency will perceive that in the penultimate paragraph of that communication reference is made to the arrangement concluded between His Majesty's and the Russian Government for the transfer to the latter of the rights of the former over the Tehran-Khanikin line in exchange for certain other advantages, and it is stated that it was in consequence of the reported existence of this agreement that the company approached the Russian Government as they have done.

It will further be observed, from the final paragraph of the letter, that the omission in Mr. Mallet's letter of the 3rd May of any mention of this arrangement has led the company to the conclusion that the information which reached them on the subject was incorrect.

The reason of that omission was that, as the agreement has not hitherto been made public, it was thought improper to inform the company of it without previously obtaining the consent of the Russian Government to the step. As, however, it appears to me that a clear explanation of the company's attitude would be more easily obtainable if they were placed in possession of all the facts, I request your Excellency to discuss the matter with the Russian Minister for Foreign Affairs, and to obtain, if possible, his consent to the confidential communication to the company of the terms of the arrangement in question.

In view of the terms of article 3 of the Anglo-Russian arrangement concerning Persia, it appears to me that the company's position is in no way injuriously affected by the transfer to Russia of the British rights over the Tehran-Khanikin line, since the acquisition by a third party of the control of that line is no easier now than it was before the transfer took place, and I gather that this is also your Excellency's opinion.

I am, &c.

E. GREY.

* No. 257.

[1722]

† No. 334.

[17842]

No. 383.

London Committee of Deputies of the British Jews to Sir Edward Grey.—
(Received May 19.)

Sir,
19, Finsbury Circus, London, May 18, 1910.
ON the instructions of Mr. David L. Alexander, K.C., and Mr. Claude G. Montefiore, the presidents of the London Committee of Deputies of the British Jews and the Anglo-Jewish Association, respectively, I beg to enclose a copy of a letter received yesterday from the Alliance israélite of Paris, and I am directed by the two presidents to ask the good offices of His Majesty's Government in the matter. They feel sure that you will kindly instruct the British representative at Tehran to do what he can in the circumstances.

I am, &c.
CHARLES H. EMANUEL,
Solicitor and Secretary.

Enclosure in No. 383.

Alliance israélite universelle to the London Committee of Deputies of British Jews.

M. le Président,
Alliance israélite universelle, 44, Rue La Bruyère,
Paris, le 16 mai, 1910.
NOUS venons de recevoir le télégramme suivant de M. Habib, directeur de notre école à Hamadan, Perse:—

"A la suite d'une fausse accusation lancée contre un Israélite, la population fanatisée a attaqué les Juifs le lundi, 9 mai. Trente Juifs ont été blessés. L'Israélite victime de l'accusation est en danger. La populace réclame sa mise à mort. La communauté est terrorisée; nous-mêmes nous sommes en danger. Nous nous attendons aux plus graves événements. Prière d'agir promptement."

Nous télégraphions aujourd'hui même au Ministre de France à Téhéran. Nous vous serions obligés si, de votre côté, vous vouliez bien faire une démarche auprès du Foreign Office.

Agréer, &c.
Le Secrétaire,

[17830]

No. 384.

Mr. Marling to Sir Edward Grey.—(Received May 19.)

(No. 232.)
(Telegraphic.) P. *Tehran, May 19, 1910.*
PLEASE refer to your telegram No. 61 of the 17th March: Foreign executive officials.

Minister of Finance has informed French Minister, in reply to an enquiry as to the prolongation of Bizot's contract, that a project for engagement of seven French experts had been prepared for submission to Medjliss.

The French Minister has pointed out that a pretext for protest may be given to Germany by such a spontaneous proposal on the part of Persian Government, and he has asked M. Poklewski and me how our Governments would be likely to view the new situation that may arise.

[17909]

No. 385.

Mr. Marling to Sir Edward Grey.—(Received May 19.)

(No. 233.)
(Telegraphic.) P. *Tehran, May 19, 1910.*
WITH reference to your telegram No. 234 to Sir A. Nicolson of the 18th May, I have the honour to report that my Russian colleague's instructions received to-day state

that it is understood that we do not demand from Persian Government a reply to our representations in regard to concessions.

As, however, Persian Government are certainly under the impression that a reply is expected, I should be glad to know whether, in the event of Persian Government making an enquiry on the point, an intimation should be conveyed to them that the two Governments do not require one.

A favourable answer would, I am disposed to think, be forthcoming if we merely state our desire for a reply, but without using any coercion. On the other hand, an unfavourable answer would be inconvenient, as it would prolong the question, and might make the application of pressure impossible to avoid.

M. Poklewski is telegraphing in above sense to St. Petersburg.

[17811]

No. 386.

Sir Edward Grey to Sir A. Nicolson.

(No. 248.)
(Telegraphic.) P. *Foreign Office, May 19, 1910.*
WE have accepted the omission in the note to the Persian Government regarding concessions mentioned in your telegram No. 152 of yesterday.

[17842]

No. 387.

Sir Edward Grey to Mr. Marling.

(No. 157.)
(Telegraphic.) P. *Foreign Office, May 19, 1910.*
ACCORDING to a report which has reached the Anglo-Jewish Association in Paris from the Alliance universelle israélite, a fanatical mob attacked the Jews at Hamadan, and the schools of the alliance there are in danger.
You should do what you can in concert with the French Minister, to whom the alliance have telegraphed direct.
Serious developments are expected

[15840]

No. 388.

Sir Edward Grey to Sir F. Bertie.

(No. 261.)
Sir, *Foreign Office, May 19, 1910.*
WITH reference to your Excellency's despatch No. 171 of the 25th ultimo, relative to the request of Zil-es-Sultan for the unofficial support of His Majesty's and the Russian Legations at Tehran in the matter of his property near Ispahan seized by the Persian Government, and for the renewal by the two Powers of the assurances of protection which they formerly extended to him, but his claim to which he forfeited by his neglect of their advice, I transmit to you herewith copy of a despatch from His Majesty's Minister at Tehran reporting the circumstances which gave rise to the former request.*

Your Excellency will perceive that the matter of the seizure of Zil-es-Sultan's property is stated to have been satisfactorily settled without the intervention of the two Powers, a fact of which you are already aware from the information furnished by His Imperial Highness himself through his son, Prince Bahram Mirza.

The latter question—that of the renewal of protection to Zil-es-Sultan—as to which Sir G. Barclay's views were also asked, is not treated in this despatch, but Sir G. Barclay, who is at present on leave of absence in this country, has expressed verbally his entire concurrence in my opinion that it would be inadvisable to comply with His Imperial Highness's request on this point.

Your Excellency should accordingly inform Zil-es-Sultan that His Majesty's Government see no sufficient reason to renew the assurances of protection formerly extended to him, but before making any communication to His Imperial Highness you should apprise your Russian colleague of the instructions which you have received, in

accordance with his request reported in your despatch No. 132 of the 28th March, in order that he may be enabled to reply to the Zil's application in similar terms, since these, as I understand, express equally the views of the Russian Government on this question.

I am, &c.
E. GREY.

[14951]

No. 389.

Sir Edward Grey to Mr. Findlay.

(No. 35.)
Sir,

Foreign Office, May 19, 1910.

WITH reference to your despatch No. 60 of the 27th ultimo respecting your conversation with the Turkish Minister, Assim Bey, on the subject of the situation in Azerbaijan, I transmit herewith a memorandum reviewing the course of negotiations for the delimitation of the Turco-Persian frontier since 1843.

In view of Assim Bey's close relations with the leading Turkish statesmen, it would be well to take an opportunity of continuing your discussion with him on this subject. The memorandum will furnish you with ample proofs of the fact that the history of this question during the last seventy years is one of constant encroachments on Persian territory by the Turkish Government.

I also enclose two further memoranda* the substance of which is embodied in the first. They deal more fully with the history of the question from 1833 to 1907, and may be useful for purposes of reference. Maps of the districts concerned will be found annexed to one of these latter.

I am, &c.
E. GREY.

Enclosure in No. 389.

Memorandum reviewing Course of Negotiations for the Delimitation of the Turco-Persian Frontier since 1843.

TROUBLES in 1842, between the Persians and Turks on the frontier, led to the appointment of a joint commission (British, Russian, Turkish, and Persian delegates). It was understood that the *status quo* should be preserved on the frontier pending the completion of the commission's task.

In January 1843 the Turkish Government presented a map of the frontier from Mount Ararat to Zohab (see map 1st in memorandum 8800). This map shows in a graphic manner how extensive the Turkish encroachments have been, even if the Turkish line as indicated in 1843 be accepted as the frontier *status quo*.

The labours of the joint commission resulted in the preliminary treaty of Erzeroum, May 1847. The treaty was signed and accepted by the Persian plenipotentiaries, who protested the while against the explanatory notes upon which the Porte insisted.

Under this treaty a commission was appointed for delimiting the frontier. It proceeded to its labours in 1849. (It may here be mentioned that the Ottoman commissioner caused trouble by fixing pyramids and other structures at Kotur, and it was not until 1879, by article 60 of the Treaty of Berlin, that Kotur was restored to Persia. But when it came to carrying out the terms of this article in 1879 a difference of opinion arose as to what constituted the "territory of Kotur." British and Russian commissioners laid down the line, but the Porte repudiated it.)

The first business of the commission resulted in a frontier being laid down between *Mohammerah* and *Bassorah* districts, and a provisional agreement was reached November 1851.

The *Province of Zohab* then came in for discussion. Both sides claimed practically the whole of the province; the commissioners laid down a suggested line; arbitration was proposed to break the deadlock. Persia accepted conditionally. Turkey refused. The commission therefore merely prepared a map of the province of Zohab (see enclosure 3 in memorandum 8800).

They then proceeded to survey the frontier from Zohab to Mount Ararat.

* Memoranda 8800 and 9028, Turco-Persian frontier (December 1906 and September 1907).

By 1852 the survey was complete, and finally in 1869 an identic map—the result of a compromise between the British and Russian commissioners' maps—was produced (see enclosure 4 in memorandum 8800). Thus the frontier delimitation stood in 1869 as follows:—

Mohammerah to Howizieh, and province of Zohab: Frontier laid down by commissioners.

Remainder of frontier according to *status quo* 1843.

The identic map having been communicated to Turkey and Persia, they were to lay down the frontier within the limits there traced, with appeal, in case of disputes, to Great Britain and Russia.

Meanwhile in 1869 Persia and Turkey made a treaty that pending settlement no buildings shall be erected on debatable territories.

It was not until 1874 that Persian and Turkish commissioners met. A deadlock was soon reached, and in 1875 the British and Russian commissioners were called in. The Turks claimed a line outside the zone laid down in the identic map of 1869, but finally accepted that zone, adding that, if the commission then sitting failed to arrive at definite settlement, this zone would *ipso facto* lapse. The Persian Government meanwhile intimated acceptance of any line laid down by British and Russian arbitrators.

Wars in the Balkan Peninsula led to the suspension of the question until 1878.

From 1879-84 the question of the *Kotur district* formed the subject of discussion.

In 1884 a dispute arose as to the *Pusht-i-Kuh* or *Baghai* district. A joint commission was proposed, and refused by Porte in 1889.

From 1889-94 disputes relate chiefly to *Vazné* and *Lahidjan*.

Vazné and *Lahidjan* were claimed by both Turkey and Persia. Efforts were made to get Turkish and Persian commissioners to go to the district, but appear to have failed. In October 1905 the Turks sent their troops into the districts of *Vazné* and *Lahidjan*. *Passova*, also occupied by Turkish troops, was included in their claim, although to the east of the frontier laid down in the identic map of 1869. By the intervention of His Majesty's Government the Turkish Government agreed to the appointment of a mixed commission. This proposal the Persian Government accepted in August 1907 conditionally on the evacuation by the Turks of the places seized as shown below:—

Soujboulah, well over the eastern boundary of frontier zone (see identic map), occupied by Turks. Evacuated in February 1908, thanks to the intervention of British and Russian Governments.

Urumia.—Turks with 6,000 troops within 2 miles.

Toudi.—Turks attack Persian camp to the west of.

Movana, bombarded by Turks.

Gangatchin, occupied by Turks.

Baradost district up to *Kotur*, occupied by Turks.

Bau, 5 miles from Urumia, occupied by Turks.

Dasht and Mergaver.

Throughout the early months of 1908 reports were continually received from His Majesty's consular officers at Erzeroum, Bitlis, and Van of Turkish military preparations against Persia.

In January 1908 the mixed commission met at Urumia, but no compromise was possible. The Porte professed to His Majesty's Ambassador at Constantinople to claim nothing beyond the neutral zone except perhaps *Passova*, but the action of the Turks on the frontier did not coincide with these professions.

The negotiations were soon at a deadlock owing to the action of the Turkish commissioner, *Tahir Pasha*, who was acting on secret instructions from *Yildiz*.

During the deliberations of the commission systematic encroachments were made by the Turks in the districts of:—

Somai.

Salmas.

Anzel.

Baranduz.

Urumia.

Hissar-i-Sinjah.

[1722]

Sheitanabad, captured from the Persians May 1908.
Ardeshai and Andar, attacked by Turks in June 1908.
Galanji, occupied July 1908.

Then came the Turkish revolution. The Turkish constitutional Government showed an inclination to settle the frontier question amicably. They decided to withdraw from all places east of the zone and from those within it which were incontestably Persian, and also from Passova. Troops were largely withdrawn, but still remained in *Baradost*, *Anzel*, and *Passova*.

By 1909 it was evident that the Turks intended to remain in Passova and probably also to retain practically all those parts of the contested zone which they then occupied.

The mixed commission did not resume its labours, and a special commission, appointed in October 1908 to examine the merits of the case, produced no results. The year 1909 produced nothing but a succession of efforts on the part of Turkey by various means, such as Kurdish raids, military occupation on the pretext of protecting Ottoman officials and subjects, intimidation intended to drive the Persian tribes into soliciting Ottoman nationality, distribution of Turkish passports, &c., to fortify their claims not only in the contested zone, but also over territory admittedly Persian.

The semi-civil war between Persian Nationalists and the Kurdish adherents of the Shah in January 1909 gave the Turks a pretext, and Turkish expeditions went to *Khoi* and *Miandek*.

An attack on the Turkish consul for *Khoi* gave a fair pretext for the dispatch of troops across the frontier, and three villages in Salmas district were occupied.

Then at—

Urumia, a Turkish detachment was pushed up close to the town;
Soujboulak, a Turkish custom-house was reported to have been established.

In deference to Persian representations the Turkish Kurds were ordered to withdraw from the vicinity of *Soujboulak*.

It was now clear that Turkish action on the frontier was no longer merely directed by irresponsible members of the Committee of Union and Progress, but was in general the result of orders from the Government itself. The presence of Russian troops in North-Western Persia had alarmed and annoyed the Turkish public, and the joint action of Great Britain and Russia caused some misapprehension. The Government perhaps saw the opportunity of simultaneously giving expression to their sympathy with the Nationalist movement, and of placing themselves in a position to bargain with Russia for the simultaneous withdrawal of their respective troops, while they of course also counted on strengthening their claims in the frontier question.

In June 1909 troops were sent up to Urumia, and two companies of infantry were pushed up to the frontier from Van.

The Russian Government was perturbed, and as a result of a joint representation by His Majesty's Government and the Russian Government the Porte declared it had no designs of territorial aggrandisement and no intention of doing more than protect its subjects, and that a commission would be sent to enquire into the complaints against the acting Turkish consul at Urumia.

In August 1909 the Turkish troops evacuated some of the villages in the Urumia districts and retired to positions nearer the disputed zone.

In December 1909 the Turkish forces again advanced all along the line.

They appeared in the districts of *Somai*, *Baradost*, *Tergaver*, *Dasht*, *Mergaver*, *Solduz*, *Mumache*, and *Inagade*.

In December 1909 the Persian Minister at Constantinople suggested to the Turkish Government that Turkish and Persian commissioners should proceed to the frontier. It was agreed that unless accompanied they would never reach a settlement, and as the Turkish Minister for Foreign Affairs scouted the idea of Anglo-Russian co-operation, the Persian Minister suggested that a kind of board of arbitration, consisting of three Turkish deputies and three Persian deputies, should accompany the mission. Nothing further was heard of this suggestion.

The special points upon which the Persian Minister made representations were—

Passova.—Connection of this place with Turkish telegraph system.
Marideh (chef-lieu of *Solduz*).—Occupation by Turks. (It may here be noted that

the vali of Van speaks of *Solduz* as unquestionably Turkish [*sic*] by virtue of three years' occupation by Turkey.)

Killing of six Persian subjects from *Anhaz* who had been trying to recover sheep from Kurdish raiders.

Anglo-Russian representations were made to the Turkish Government in January 1910 against the occupation by Turkish troops of certain points outside the neutral zone as laid down in the identic map of 1869, and undoubtedly in Persian territory, such as *Naghideh* and *Mamesh* or *Mamashir*.

In February the Persian Ambassador learned from the Turkish Government that they had given orders for the evacuation as being admittedly in Persian territory of *Sakiz*.

They had, he said, also instructed the mushir of Van to withdraw all troops sent within the last few months, but far from such evacuation taking place by the month of March the Persian Ambassador was complaining to the Turkish Government that further occupations had taken place at *Enzel*, *Bul*, and *Azihé*, all claimed to be in Persian territory, and that at *Soujboulak* and certain parts of Urumia customs and taxes had been levied. Other complaints were that *Soujboulak-Urumia* road and *Tabreez-Urumia* road were blocked.

The Russian Government learned from their consuls at *Tabreez* and *Urumia* at the end of March (communication from Russian Embassy to Foreign Office of the Russian Embassy, March 29, 1910)—

1. That 140 Turkish soldiers had occupied the west coast of Lake Urumia in the district of *Dalsk*.
2. That the occupation of Urumia was imminent.
3. That a forward movement towards Lake Urumia was taking place on the *Khoi-Salamast-Urumia* road.
4. That the Turks were levying dues in all the Urumia district, *e.g.*, at *Soujboulak*.
5. That customs had been established at *Jebelkend* and *Baranduz*, where 11 per cent. was being levied.
6. That the Turkish forces in the Urumia district had been increased by 500 cavalry and 400 infantry.

His Majesty's Ambassador at Constantinople learned from His Majesty's consul at Van that these reports were entirely untrue, but His Majesty's consul-general at *Tabreez* rather confirmed them except No. 2. He stated that the Persians owing to the defection of the tribes possessed nothing in the region between Urumia and *Soujboulak*, so that the Turks were free to act as they pleased. The Turks were actually present in—

Kuhneshcher.

Mavana in *Tergaver*, on the edge of the neutral zone (see identic map of 1869).

Enher, near Urumia.

Rashagan on western side of lake, to south of Urumia.

Naghideh (see above).

Passova (see above).

The British and Russian Ambassadors made joint enquiry of the Turkish Government as to the truth of the reports referred to in the Russian note to Foreign Office of the 29th March, 1910, quoted above. The Turkish Minister for Foreign Affairs replied that all news from those districts was exaggerated. He knew nothing of any increase of troops. Those which were there already had been maintained to protect the population from the Kurds, as there was no authority in Persia. Their distribution must be dependent on the advice of the authorities on the spot. He repudiated the idea of an occupation of Urumia, but declared that certain places, (which are indisputably in Persian territory, such as *Ushua*), are regarded by the Ottoman Government as being Turkish. He said that the levying of 11 per cent. on the Urumia-Soujboulak road would be immediately stopped, that the intention of the Turkish Government was to levy 11 per cent. on goods passing into the contested districts, but only the 1 per cent. transit duty in Persian territory as temporarily occupied. Later he said that categorical orders had been sent to levy no taxes and no duties of any kind until the frontier had been properly delimited.

He said that a commission sitting at the Sublime Porte had not only established the fact that many of the places recently in the occupation of the Persians were

incontestably Turkish territory, but that the Persians were now in occupation in the southern portion of the borderland of places incontestably Turkish.

A Turco-Persian Delimitation Commission was, he said, necessary.

Early in April the Russian Government received further reports to the effect that 200 Turkish soldiers had just arrived at Urumia, and that the following events had occurred at the places given below:—

Khoi and Salmas: Detachments of fifty and sixty Turkish soldiers were arriving.

Barandusdjai, on the Urumia-Soujboulak road: Turkish customs being levied.

Rodjan, 20 miles from Tabreez: Forage and food being prepared for arrival of Sheikh Kadmir.

Turks preparing surveys on the Karazian-Dindusen road near Russian frontier.

Arrival of 1,000 Turkish Kurds at Makunda, escaping from military service.

Prevention by Turks of re-establishment of telegraphic communication between Tabreez and Urumia.

The Russian Government, to whom His Majesty's Government have left the initiative in the present phase of the Turco-Persian frontier question, since it concerns country within the sphere of Russian interests, had proposed on the 19th April, 1910, that a joint proposal should be made to the Turkish Government that a mission consisting of a Turkish officer and representatives of the Russian and British consulates-general at Tabreez should travel through the entire district situated between the lake and the Turkish frontier to ascertain, with the co-operation of the Persian authorities, the numbers and disposition of the Turkish troops and the nature of the military or civil measures taken by the Turkish authorities in that region.

In reply the Russian Ambassador was informed that in the event of the Turkish Government stating that the information received by the two Governments was inaccurate, His Majesty's Government would be prepared to join with the Russian Government in making the proposal made by the Russian Government.

In view of the reply of the Turkish Government to the Anglo-Russian enquiries as to the truth of the reports received by them, the two Ambassadors at Constantinople proposed on the 8th May, 1910, to make a communication to the Turkish Government as follows:—

That the British (Russian) Government being desirous of ascertaining the situation in certain parts of Azerbaijan where the Persian administrative authority is temporarily weakened, propose to instruct an official of the consulate-general at Tabreez to make a journey to Urumia and certain neighbouring districts with that object: that as the information communicated by the Turkish Minister for Foreign Affairs shows the temporary presence in those districts of Turkish officials and troops whose distribution and movements are insufficiently known at Constantinople, the Ambassador is instructed by his Government to ask whether the Turkish Government is prepared to instruct the Turkish consul-general at Tabreez to depute one of his staff to accompany the British (Russian) consul-general on the journey.

Following the lines of their reply of the 26th April, 1910, to the Russian Government, His Majesty's Government proposed to His Majesty's Ambassador at Constantinople that it would be desirable to add a statement to the note to the effect that the two Governments propose to invite the Persian Government to send a delegate also.

It will be seen from the above review of the frontier question since 1843 how consistently the Turkish Government have pushed forward their claims into Persian territory, and how hollow is the insinuation of Assin Bey that these encroachments are a new policy, forced upon Turkey in self-defence by the dispatch of Russian troops into Azerbaijan in connection with the recent revolution in Persia.

The forward policy on the Persian frontier, pursued with such persistence under the old régime in Turkey, was believed to have strategical objects, and to be directed against Russia; and it may very well be that the maintenance and even development of this policy under the new régime has been a contributory cause of the sending of Russian troops into Northern Persia.

Russian
Embassy,
April 4,
1910
[11581].

Russian
Embassy,
April 19,
1910
[13596].

Constantinople,
No. 76,
Telegraphic,
May 8,
1910
[16053].

[16569]

No. 390.

Foreign Office to Treasury.

Sir,

Foreign Office, May 19, 1910.

WITH reference to your letter of the 3rd February last relative to the retention of the increased escort at His Majesty's consulate at Bunder Abbas, I am directed by Secretary Sir Edward Grey to transmit to you herewith copies of further communications from the India Office on the subject.

The Lords Commissioners of His Majesty's Treasury will perceive from a perusal of these papers that the retention of the increased escort for a further period of two months from the 17th April last is considered necessary, and that the additional expenditure involved in the arrangement amounts to about 150 rupees a-month, with a lump sum of about 620 rupees for additional transport charges by land and sea.

I am to express the hope that their Lordships may see their way to sanction the charge to Imperial funds of one-half of the above sum for the period mentioned on the understanding that the additional guards will, if possible, be withdrawn at an earlier date than the 17th June.

I am, &c.

LOUIS MALLET.

[16782]

No. 391.

Foreign Office to India Office.

Sir,

Foreign Office, May 19, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 11th instant relative to alleged encroachments by Afghans across the undefined Persian frontier between Hashtadan and the Namaksar Lake.

I am to inform you, in reply, that Sir E. Grey concurs in the view of the Government of India, supported by Viscount Morley, that, in the circumstances, delimitation of the Perso-Afghan frontier should be avoided for the present.

I am, &c.

LOUIS MALLET.

[16970]

No. 392.

Foreign Office to India Office.

Sir,

Foreign Office, May 19, 1910.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith copy of a letter from Messrs. Gray, Dawes, and Co.,† relative to the establishment of a wireless telegraph station at Bahrein and to the unsatisfactory working of the telegraph at Mohammerah.

With regard to the former point, I am to state that, so far as Sir E. Grey is aware, the latter information, relative to the proposed establishment of wireless telegraphy in the Persian Gulf, is that which is contained in your letter of the 7th December last, forwarding copy of a telegram from the Government of India, from which it appeared that the realisation of the whole scheme had been indefinitely postponed.

I am accordingly to enquire whether any progress has been made towards the completion of the project since the date of the letter referred to, and what answer Viscount Morley would wish to be returned to Messrs. Gray, Dawes' observations on the subject.

As regards the latter of the two points raised in the firm's letter, Lord Morley is aware that a convention has already been concluded with the Persian Government for the transfer to the Indo-European telegraph department of the working of the Ahwaz-Borasjun-Mohammerah telegraph line, but that a favourable moment for the presentation of this instrument to the Persian Assembly with a view to obtain their approval of it is not considered to have arrived.

† Nos. 90 and 382.

† No. 152.

I am to enquire whether Lord Morley sees any objection to this information being conveyed, if necessary in confidence, to Messrs. Gray, Dawes, so that that firm may be aware that the present unsatisfactory state of affairs is in a fair way to be remedied.

I am, &c.

LOUIS MALLET.

[17907]

No. 393.

Sir A. Nicolson to Sir Edward Grey.—(Received May 20.)

(No. 157.)

(Telegraphic.) P.

St. Petersburg, May 20, 1910.

JOINT note to Persian Government.

Mr. Marling's telegram No. 233 of the 19th May.

I saw M. Isvolsky to-day. His Excellency still holds to the opinion that we should not ask the Persian Government to reply to our note. He considers that the announcement by the two Governments of their policy is sufficient, and he thinks that difficulties might be created if we asked for a reply and if that reply proved to be an unfavourable one.

Moreover, the Russian Ambassador in London has been instructed to make to you a communication, from which you will see that the German Ambassador here has been informed by M. Isvolsky that the two Governments have no intention of asking the Persian Government for a reply. M. Isvolsky spoke to the German Ambassador in the same sense in which you spoke to Count Metternich, and at the same time gave him the substance of the communication as to concessions which the two Powers are making to the Persian Government.

[18026]

No. 394.

Report of Interview of Sir E. Goschen with the Chancellor on May 12.—(Received at Foreign Office, May 21, 1910.)

THE Chancellor said that, as he presumed I was going to London for the King's funeral, he would like to say a few words to me on the subject of Persian affairs, in order that I might be in a position to place his views before Sir Edward Grey.

He said that he was much perturbed by the step England and Russia were taking at Tehran. The assurances they were demanding from the Persian Government would, when made, practically do away with the open door and render Germany's treaty right to most-favoured-nation treatment a dead letter. The German press would at once be up in arms, and attribute Germany's loss of this right and the "closing of the door" to weakness on the part of the Chancellor. He would therefore be forced to anticipate these attacks and to make representations to the Persian Government recalling to them the fact that they were bound by treaty to give Germany most-favoured-nation treatment, and pointing out that Germany could not renounce that right. This step would, as a matter of fact, be repugnant to him, as it would inevitably cause a disagreeable impression both upon His Majesty's Government and British public opinion, and render the chances of Great Britain and Germany coming to an agreement on Persian or any other matters more remote than ever. He would view such a state of things with the greatest regret, as a good understanding with England was the corner-stone of his policy. He begged me to impress this view of the question upon Sir Edward Grey, and beg him to do all in his power to avoid creating a situation of which the effect would most certainly be that which he had indicated and which he was most sincerely anxious to avoid.

I told him I was sure he would readily understand that it would, for obvious reasons, be impossible for us to recede from the position which we had taken up at this late hour. His Excellency said he was obliged to admit that, though somewhat regretfully, but he did hope that Sir Edward Grey would see his way to coming to terms with the German Government as soon as possible with regard to some arrangement which would show that the door was not to be closed, and that German trade and capital were not to be excluded from Persia altogether—some arrangement, in fact, which he could produce to show that German interests had not been lost sight of. After some further conversation, during which he reiterated his willingness to give every assurance that the Imperial Government had no political aims, and only desired

that German economic and commercial interests should receive due consideration, I observed that it was a pity that the Imperial Government had not seen its way to go a little further towards falling in with our views with regard to the Bagdad Railway. His Excellency observed that he was quite ready to do so, but that he must, as he had already told me, have a general understanding first. On that point he could not understand our attitude—did not we want an understanding? I said that certainly we wished to be the best possible friends with Germany; but that in the understanding he had originally proposed there were many points of difficulty. In the first place, a naval arrangement which would satisfy public opinion in England was a *sine qua non*. His Excellency said, very excitedly, that he had given His Majesty's Government to understand that he was quite ready to discuss a naval arrangement and had suggested a basis, but that His Majesty's Government had shown no inclination to discuss it, and had let the question drop out of sight. I said that there had been very good reasons why at the close of last year the discussion had had to be temporarily dropped; but that in the meantime I had often told him that any naval arrangement on the basis of the full carrying out of their naval programme would hardly satisfy the British taxpayer, to whom it would mean having to find the money for fifty or sixty "Dreadnoughts" by 1917. He said: "It is your fault. Why did you begin to build 'Dreadnoughts'?" I replied that the form and size of the ships our naval authorities thought necessary for the maintenance of our naval efficiency was, to my mind, beside the question; the fact remained that we did build them, and that Germany built them likewise, and in accordance with a programme which made us incur vast expenditure to maintain the naval standard which, as an island Power with a vast oversea Empire, we regarded as necessary for our safety. "Besides," I added, "to your Excellency's question I might fairly retaliate with the question why Germany had refused the overtures which had from time to time been made to them by His Majesty's Government for the limitation of armaments." The Chancellor replied, very testily, that that had been before his time, and he had nothing to do with it. The Chancellor went on to say, with reference to my remark about the full carrying out of the programme, that as time went on there might even be a change in that respect. I said that that contingency had been hinted to me more than once, but only as a contingency, and not as an assurance which could be taken into account in negotiations. In the meantime, we had to go by what had been declared officially in the Reichstag, namely, that the programme would, and must, be carried out in its entirety. The Chancellor reminded me that he had suggested that the rate of shipbuilding could be restricted and spread over more years. I agreed that that was something, but maintained that that would not affect the ultimate expenditure. Finally, after this short conversation which was degenerating into a wrangle, his Excellency gave very cordial assurances of his desire to come to an understanding with us of some sort, but added that the most pressing question was that of Persia, and for the reasons he had given me.

Subsequently I saw Herr von Schoen for a few moments, who also spoke very seriously, but very pleasantly, on the importance to both Germany and England of things not being brought to a point where the Imperial Government would be forced to step in. "We must come to an arrangement," he said, "and remember that what we really require is not political influence of any sort, but merely to save our face *vis-à-vis* of our public opinion."

I asked him what would suffice. I had heard that Herr von Kühlmann had suggested a percentage of the material required for any concessions we might obtain and work. He made at first as if he had not heard of this suggestion, but finally said that it was far too concrete a proposal, and, moreover, would be likely to create difficulties with other Powers; something much vaguer would suffice so long as it made it clear that German trade and capital were not to be excluded from Persia.

I hear that the Deutsche Bank agent opened negotiations about the establishment of a German bank (for which, I believe, a concession was granted some years ago), and was successful as far as the Persian Government were concerned; but that he was told from Berlin to drop the matter for the present, as the concession, if officially given, might cause complications. He is therefore coming home practically empty-handed.

[17948]

No. 395.

India Office to Foreign Office.—(Received May 21.)

Sir,

India Office, May 19, 1910.

WITH reference to your letter of the 11th instant, I am directed by the Secretary of State for India to enclose, for the information of the Secretary of State for Foreign Affairs, copy of a telegram from the Government of India regarding the dispute between the Sheikh of Mohammerah and the Vali of Bussorah.

The present position is undoubtedly unsatisfactory, but Viscount Morley must leave it to Sir E. Grey to judge whether a demand for the recall of the vali at the present moment would accord with the policy of His Majesty's Government at Constantinople. If, as appears from Sir G. Lowther's telegrams of the 5th and 7th May, the present vali is only a temporary incumbent of the post, it might, perhaps, be practicable to represent to the Turkish Government the desirability of sending out the permanent official as soon as possible, and to express the strong hope that he will be instructed to restore relations with the Sheikh of Mohammerah to their former friendly footing.

I am, &c.

COLIN G. CAMPBELL.

Enclosure in No. 395.

Government of India to Viscount Morley.

(Telegraphic.) P.

May 17, 1910.

SEE your telegram dated the 12th May regarding Mohammerah.

Unless there are reasons, such as German backing, which may make it inadvisable to do so, I trust that His Majesty's Government may see their way to press for recall of acting vali, in view of telegrams of the 13th and 14th May from resident, Persian Gulf, to Tehran legation, which have doubtless been repeated to His Majesty's Government. Strong action on our part seems to be very necessary, as aggressive action by Turks at Bussorah must reflect on our relations with chiefs at the head of the Gulf.

[18050]

No. 396.

The Persian Transport Company to Foreign Office.—(Received May 21.)

3, *Salter's Hall Court, Cannon Street, London,*
May 19, 1910.

Sir,

I AM desired by my board to transmit to you the enclosed copy of a letter, recently received from our Isfahan agent, on the subject of tolls on the Ahwaz-Isfahan road. At the foot of our agent's letter I have added for your information a table of the annual receipts from tolls which shows the progressive increase of traffic over this road since it was opened.

I have, &c.

H. W. MACLEAN,
Secretary

Enclosure in No. 396.

M. Fazlullah to Messrs. Lynch Brothers.

Dear Sirs,

Isfahan, March 27, 1910.

IN May last, when discussing the question of loans to the chiefs, we informed Tehran friends that collection of tolls on the Bakhtiari road for one year, commencing from February 1909, had been granted to contractors for a return of 180,000 kranas. In view, however, of the considerable increase to this figure in favour of the contractors, the chiefs obtained a supplementary amount of 20,000 kranas, making a total of 200,000 kranas (200,000 kranas at 55 = 3,636*l.*) as return of the tolls on the Bakhtiari road for February 1909 to February 1910.

For the present year, according to what Sultan Mohammed Khan, Sardar Ashja,

informs us, an offer has been put forward by the above contractors for an amount of 240,000 kranas (240,000 kranas at 55 = 4,363*l.*), but the chiefs have not agreed to anything below 300,000 kranas (300,000 kranas at 55 = 5,454*l.*).

M. FAZLULLAH.

TABLE of Annual Receipts from Tolls.

1900.	1901.	1903.	1904.	1905.	1906.	1907.	1908.	1909.
Krans. 60,000 = 1,090 <i>l.</i>	Krans. 84,000 = 1,527 <i>l.</i>	Krans. 78,000 = 1,418 <i>l.</i>	Krans. 100,000 = 1,818 <i>l.</i>	Krans. 130,000 = 2,363 <i>l.</i>	Krans. 132,000 = 2,400 <i>l.</i>	Krans. 170,000 = 3,100 <i>l.</i>	Krans. 140,000 = 2,545 <i>l.</i>	Krans. 200,000 = 3,636 <i>l.</i>

Note.—For uniformity, an exchange rate of 55 kranas per £ sterling has been adopted.

[18053]

No. 397.

Messrs. Lawrance, Webster, Messer, and Nicholls to Foreign Office.—(Received May 21.)

Sir,

14, Old Jewry Chambers, London, May 19, 1910.

WE have the honour to apply for the assistance of the Secretary of State for Foreign Affairs in connection with a contract for the purchase of growing timber in Persian territory on the southern coast of the Caspian Sea, copy of which we have the honour to enclose herewith.

We are acting for clients in London who propose to take over the interest of the Baron de Luzzenszky under the contract in question, with the intention of forming a British company to take up the contract and export the timber to European ports.

In the first instance our clients propose to send representatives to inspect the forests in question, and satisfy themselves as to the arrangements proposed for felling and removing the timber to be purchased under the contract. But the expense of such an expedition will be considerable, and before incurring such expense we are instructed to respectfully ask the assistance of the Secretary of State in order that preliminary enquiries may be made through His Majesty's chargé d'affaires at Tehran or elsewhere.

The preliminary points as to which our clients desire more particularly to be advised are as follows:—

1. It is stated that the original draft of the contract was in the French language, of which both parties had some knowledge. When the draft was agreed, it was translated into English and Russian, the English translation being signed by both parties and certified as appears in the enclosed copy.

Our clients desire to know whether the signatures of the parties to the contract in English with Russian translation annexed will be accepted as a binding contract in Persia, so as to be enforceable against the vendor.

2. The vendor is described in the contract as being a Turkish subject, and it is stated that he is himself the owner of the land on which part of the timber contracted to be sold is situated, and that he has procured from the remaining landowners rights under which he is entitled to enter into the contract for the whole of the timber.

Our clients desire to be advised—

(a.) Whether under Persian law a Turkish subject can be the owner of land on Persian territory.

(b.) Whether the vendor can under Persian law be accepted as entitled to contract for the sale of timber growing on land of other landowners.

3. Our clients desire to know whether the vendor Melik Baylikdji is a person of standing and position and known to be the owner of land in the district in question.

4. Part of the consideration payable in advance on account of timber purchased is stated to be required to buy up land which intersects the forests on which the timber referred to in the contract grows.

Our clients do not propose to pay such money except against delivery of title deeds of the property purchased which they themselves would desire to hold. They desire

to be advised whether it is possible for a British company to hold land in Persian territory.

5. Our clients are advised that the district in question being within the Russian sphere of influence in Persia, it would be advisable for them to operate through a Russian company with a small capital the whole of which would be owned by the British company. Our clients desire to be advised whether this is either necessary or advisable.

If not, could an English company operating in Persia rely upon the support and protection of the Russian and Persian Governments.

6. Our clients would much appreciate any information as to the political and social conditions of the district to which the contract in question relates, and especially whether difficulty is to be apprehended from the inhabitants of the country in cutting and removing timber which is stated to extend to a distance of about 10 miles from the shores of the Caspian Sea. It has been suggested that although the removal of timber growing near the coast may be easy the conditions of the country and its inhabitants may be found to interpose serious obstacles to carrying out the contract in question in respect of timber growing more remote from the coast.

Our clients under the contract are to send out their representatives before the 14th July, and they are advised that it will in any case be necessary to do so on account of the climate. They will, therefore, appreciate any information which it may be possible to obtain for their assistance as soon as may be practicable.

We have, &c.

LAWRANCE, WEBSTER, MESSER, AND NICHOLLS.

Enclosure in No. 397.

Preliminary Contract.

(Translation.)

BETWEEN the undersigned Melik Beylikdji, Turkish subject, merchant trading at Resht, and his successors, hereinafter styled the vendor of the one side, and Baron Zsiga de Luzsenszky and his successors residing at Budapest, acting both in his own name and that of any other person or company, whom he reserves to himself the right of substituting for himself, hereinafter named the buyer of the other side, was this day put in writing, agreed and arranged the following:—

Clause 1.—The vendor declares that he owns by various lease contracts oak forests situated in the provinces of Masandoran and Tuneckaboon (Persia), 12 (15) kilom. from the shore of the Caspian Sea. He sells them to the buyer, who takes over all the oak trees contained therein, at an agreed upon price of 1,000 marks for every thousand cubic metres cut and removed by the buyer. He guarantees the existence of approximately 1,000,000 oak trees, having a diameter of from 55 centim. to 1½ metres and more.

Clause 2.—Payment for trees at the rate agreed upon above will be carried out by the buyer in the following manner:—

(a.) Twenty-five thousand roubles at signing of the final lease contract, which must be concluded at the expiration of or during the term of this option on the general terms as enumerated herein.

(b.) Fifty thousand roubles on the transfer to the buyer of the lease contracts with the owners in due manner endorsed in his name or in the name of the person appointed by him, in every particular as per terms of this agreement.

(c.) Twenty-five thousand roubles in shares of the company, which the buyer will promote, or in cash if he does not promote a company within six months after the payment of 50,000 roubles as per clause (b).

This total amount of 100,000 roubles will act as an advance on the total value of the trees, and will be liquidated at the rate of 5,000 roubles per annum, the shares to be reckoned at the nominal worth of the stock at par.

Clause 3.—The price agreed upon of 1 mark for every cubic metre of timber will be paid to the vendor monthly, commencing from the end of the first month of exploitation, in view of which the vendor will have the right of verifying the quantity of timber cut and removed from the forests.

Clause 4.—For any and every quantity of oak trees cut above the sold and agreed

upon quantity of 1,000,000 the buyer will be bound to pay the value at a price and on conditions agreed upon by contract as above.

The vendor is deprived of every right to sell or cede to a third person, or himself make use of any quantity of oak from the forests ceded by the present agreement to the buyer, excepting by receiving from the latter formal permission.

Clause 5.—The buyer binds himself to cut annually a minimum of 15,000 cubic metres of timber, commencing from the second year after signing of final contract. In any case, he will be bound to pay an amount equal to the value of that quantity to the vendor, no matter what quantity is cut, or even if nothing at all was cut, and so for the whole term of operation of the final contract right to the end of the contract.

Clause 6.—The measurement of the trees will be reckoned at 40 centim. from the ground and by measurement to the first general branches of the tree, allowing 5 centim. in diameter for scrap (bark).

Clause 7.—The term of the final contract will be twenty years, reckoning from the 1st January, 1911, with the right of renewal to the buyer for a second term of from fifteen to twenty years.

Clause 8.—The buyer is bound to begin normal exploitation during the first year, reckoning from the date of signing of final contract. In the event of non-fulfilment of the obligations above, the buyer must pay to the vendor the amount of 15,000 marks in advance for the following year.

In the event of the buyer for some reason or other not beginning exploitation during the second year also, the final lease contract becomes void and loses its force, and the buyer will be deprived of all rights to the aforementioned forests.

Clause 9.—The vendor formally binds himself to facilitate exploitation for the buyer to the extent possible to him, and assist the buyer by his influence and all means in his possession.

Clause 10.—The buyer will have the right of establishing and utilising, over all the timber district ceded to him by this agreement, all up-to-date and perfected means of transport, manufacture, and export, the vendor having no right, under any circumstances whatsoever, to demand compensation for same.

Clause 11.—The vendor undertakes to obtain the allotment and lease over lands, for laying three narrow-gauge railroads, running to the sea from three different directions and places necessary for the erection on the shore of stores and workshops, he undertaking all trouble and expenses upon himself for his own account.

Clause 12.—To the buyer is given the right of erecting, free of charge, on all the timber district ceded to him by the vendor, full installations for drying and storing of the timber which he does not wish to transport to another place.

It is understood that the contracted forests are placed at the exclusive and full disposal of the buyer; wherefore neither the vendor nor any one else henceforth has the right to utilise same. However, the vendor is bound to allow the workmen having dwellings in the above district to cut timber necessary for repairing their dwellings and for their family needs free of charge.

Clause 13.—The buyer has the right of utilising, free of charge, all materials, such as timber, stone, &c., existing in the ceded district for all erections and roads to be laid, whereby at the expiration of the term of the lease contract all erections and railroads become the property of the vendor free of charge, excepting the rolling stock of the railroads and machinery.

Clause 14.—The vendor guarantees that the buyer will be able to freely use all roads and existing public thoroughfares, both for the removal of the timber for export and the import into the forests of machinery and other materials.

Clause 15.—The vendor has not the right to, in any case and under any consideration, demand any payment excepting the amount due to him as per clauses 1 and 2 hereof, and he finally declares that these payments fully satisfy and compensate him for the transfer of his rights over the forests, &c., during the whole term of operation of final contract.

Clause 16.—The vendor guarantees that on the transfer to the buyer of the rights for exploiting the forests, which he owns by lease contracts, the buyer will have full freedom in using all existing water communications without hindrance from anyone whatsoever.

Clause 17.—For all kinds of trees cut, such as walnut, box, teak, &c., the buyer will have to pay at prices and on conditions agreed upon for oak.

Clause 18.—Both contracting parties declare that all the terms of this agreement remain the same for their heirs and successors.

Clause 19.—All misunderstandings or disputes which may arise between the sides as to the meaning of the clauses of this contract, will be examined and settled by four arbitrators appointed by both sides. In the event of the arbitrators not coming to an agreement, then the British consul at Resht must be called up, whose decision is obligatory to both sides.

Clause 20.—The vendor gives the buyer a term until the 1st (14th) July, 1910, in order that he may personally or through his attorney acquaint himself on the spot with the actual position and condition of the forests and trees. Prior to the expiration of this term the vendor is bound to sign the final contract as per clause 2, otherwise this option becomes void and valueless.

Clause 21.—However, the buyer has the right of extending the term above for a further nine months, reckoning from the 1st (14th) July, 1910, on having paid the vendor the sum of 3,000 roubles as hand money, which becomes the property of the vendor in the event of the buyer withdrawing from this contract at the expiration of this extension.

Clause 22.—This option is written in two copies exchanged by the undersigned.

Clause 23.—The price aforementioned of 1 mark per cubic metre, paid to the vendor is nett to him. All expenses for erections, exploitation, cutting, as well as dues on export are exclusively for account of the buyer.

Clause 24.—In order that the ceded forests should form one whole, the vendor binds himself to lease and cede to the buyer various parts of forests belonging to other persons situated between ceded forests at no greater price than 1 mark per cubic metre, and this he must do within three months after the signing of the final contract and after payment to him by the buyer of 25,000 roubles.

Written on six pages and in the handwriting of M. Beylikdji.

Written in Baku this 27th March (9th April), 1910.

M. BEYLIKDJİ.

I hereby certify the foregoing to be a true translation of the Russian document put before me.

THOMAS F. WALTON.

Baku, April 1 (14), 1910.

I hereby certify that the above declaration was made before me, and that the translator, T. Walton, is personally known to me to be well acquainted with the Russian language and a person worthy of credit.

A. E. RANALD McDONELL,

British Vice-Consul, Baku.

(Consular stamp.)

April 14, 1910.

(Seal of the British Vice-Consulate,
Baku.)

Signed for the original in the French language this translation having been accepted by us.

M. BEYLIKDJİ.

Le Baron ZSIGA DE LUZSENSZKY.

I hereby certify that the two foregoing signatures are those of Melik Beylikdji, of Resht, Persia, and Baron Zsiga de Luzsenszky, of Budapest, Austria, and that the same were signed in my presence at this British Vice-Consulate, Baku, South Russia, this 14th day of April, 1910.

A. E. RANALD McDONELL,

British Vice-Consul.

(Consular stamp.)

April 14, 1910.

[Here follows Russian translation certified as follows:—]

(The above is a correct translation of its original in French.)

A. ROUBAUD.

I hereby certify that the above declaration was made before me and that the translator, A. Roubaud, is personally known to me to be well acquainted with the Russian and French languages and a person worthy of credit.

A. E. RANALD McDONELL,

British Vice-Consul, Baku.

(Consular stamp.)

April 14, 1910.

[18296]

No. 398.

Sir G. Lowther to Sir Edward Grey—(Received May 21.)

(No. 94.)

(Telegraphic.) P.

Constantinople, May 21, 1910.

FOLLOWING are observations of His Majesty's consul at Bussorah asked for in your telegram No. 107 of the 18th instant.

Mr. Crow telegraphs:—

"With reference to your telegram of the 19th instant, please see my despatches Nos. 22, 23, 24, 25, and 26 before coming to a decision. The last of the above-mentioned despatches was written on the 14th May.

"My experience is that the vilayet has constantly, during the last seven years, had to suffer much at the hands of the sheikh, and no one stood in his way until the present vali arrived here. The latter is a good governor and a man of strong will; his removal is just what the sheikh wants, and security on the river would thereby be endangered.

"With regard to Hadji Reis's letter, commented on by Major Cox, nothing was said about the sheikh's mother and wife, as Hadji Reis purposely omitted all official mention of them. It appears also, according to Hadji Reis, that the sheikh had in the past been anxious to discredit certain valis by whom he considered he had been offended, and that with this object in view he had himself engineered many of the troubles at Bussorah.

"In the letter the vali pointed out that the action taken was directed against Mahomet Chenan, who had, in Turkish territory, opposed Turkish troops with armed force, and that it was in no way directed against the sheikh. The vali further abandoned his demand for Chenan's surrender, and stated that he would be satisfied so long as the sheikh expelled him from Turkish territory, and urged the sheikh to surrender criminals who had escaped to Mohammerah, in accordance with promises given.

"Hadji Reis told me that the sheikh was in a pacific frame of mind, and it cannot therefore be assumed that he will be adverse to conciliation; he also assured me that sheikh would agree to the terms of the letter, and I therefore venture to suggest that His Majesty's consul at Mohammerah might first ascertain whether this is the case, and that then the vali might be asked to condole with the sheikh for his domestic troubles, if such a step appeared necessary.

"I agree with Hadji Reis and His Majesty's consul at Mohammerah that under the circumstances no better way out of the difficulty could be found."

[18082]

No. 399.

Sir G. Lowther to Sir Edward Grey—(Received May 21.)

(No. 95.)

(Telegraphic.) P.

Constantinople, May 21, 1910.

HIS Majesty's consul at Bussorah sends the following observations in a private telegram dated yesterday:—

"The sheikh's share of the blame for recent events is not fully realised by Major Cox. The Turks have long had serious grievances against him. It will be useless to expect good government here if Arab sheikhs receive encouragement in opposing Turkish authorities and pursuing a policy of lawlessness. At the present moment it is most undesirable to hamper in any way the action of the vali, who has at last done

[1722]

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the right thing. The action of the Turkish authorities in this matter has cleared the air.

"I am assured privately by the acting vali that the firing on the sheikh's mother's house was inadvertent, and he has also expressed regret privately to Hadji Reis with regard to the death of the sheikh's wife."

[17830]

No. 400.

Sir Edward Grey to Sir A. Nicolson.

(No. 251.)

(Telegraphic.) P.

Foreign Office, May 21, 1910.

THE German Government would be convinced that the request for Frenchmen as advisers for the Persian Ministry of Finance was inspired by Anglo-Russian designs (see Mr. Marling's telegram No. 232 of the 19th May), and to avoid their declared hostility it would be well to hint to the Persian Government that they should appoint Belgians or subjects of some other minor Power in this capacity.

Suggest this to Russian Minister for Foreign Affairs.

[17622]

No. 401.

Sir Edward Grey to Sir A. Nicolson.

(No. 254.)

(Telegraphic.) P.

Foreign Office, May 21, 1910.

ON the 14th instant the Austro-Hungarian Minister for Foreign Affairs told His Majesty's Ambassador at Vienna that his attitude with regard to the Persian question was one of complete neutrality and impartiality. He was watching it from the point of view of an outsider, and it interested him very little. He felt sure that Great Britain, Germany, and Russia would be able to solve it by the exercise of diplomatic wisdom, and he himself would only be affected by it if it became a European question of the first magnitude.

In reply Sir F. Cartwright, having explained the views of Great Britain and Russia on the question, observed that other Powers must not use the fact that Persia was technically independent to make difficulties there for the two Powers, and must bear in mind the special position and interests of the latter in that country.

Speaking of the demands of the two Powers for guarantees from the Persian Government in connection with the grant of concessions, Count Aehrenthal said he would accept a British assurance that it would not interfere with freedom of trade, but he feared that, if railway construction in Northern Persia was dependent on Russian consent, Russia would destroy all foreign trade in that region by insisting that the Persian lines should join the Caucasian system. Thus, while Austria-Hungary would deeply regret a renewal of bad feeling between Great Britain and Germany, she sympathised with the action of Germany in this case, since it was of benefit to the only Austro-Hungarian interest involved. Germany, for her part, was bound, on account of her increasing population, to make an effort to prevent her own exclusion from markets.

The impression of Sir F. Cartwright, with whom I have since conversed on the subject, is that Count Aehrenthal, determined not to be embroiled in a quarrel about Persia, has not encouraged German overtures, and this may account for the changed tone of recent communications from Berlin, and for the extreme anxiety for an understanding which the German Government are now displaying.

[18288]

No. 402.

Sir Edward Grey to Sir A. Nicolson.

(No. 255.)

(Telegraphic.) P.

Foreign Office, May 21, 1910.

THE Russian Ambassador having asked my opinion on the conversation of the Russian Minister for Foreign Affairs with the German Ambassador at St. Petersburg, and which he gave an account (see your telegram No. 157 of the 20th May), I told him that his remarks did not appear to differ from those which I made to the German Ambassador here except that I had left open the point of whether a reply would be exacted

from the Persian Government, whereas M. Isvolsky had stated definitely that none would be insisted on, and I entirely share his view.

I observed that, M. Isvolsky having confirmed his intention to resume the pourparlers (interrupted three years ago) with Germany, and his hope of reaching a friendly understanding with that Power on the Persian question, it was essential that neither Great Britain nor Russia should reach an agreement without the other—an opinion in which Count Benckendorff readily concurred.

I added that any settlement arrived at must include the Bagdad Railway question, and that Great Britain, France, and Russia must participate. They could keep themselves informed of what was going on, though Germany would insist on a discussion *à deux*.

[18083]

No. 403.

Sir Edward Grey to Mr. Marling.

(No. 159.)

(Telegraphic.) P.

Foreign Office, May 21, 1910.

WITH reference to your telegram No. 233 of the 19th May, the Russian Government, holding the view that the reply of the two Governments is in the nature of a commentary on the note of the 7th April, propose that you and the Russian Minister should intimate to the Persian Government that the communication expresses the categorical desires of the two Governments, who, if the Persian Government does not comply with them, will be obliged to take measures to safeguard their interests, but that no answer is expected.

I have accepted this suggestion, in accordance with which you may now act.

[17118]

No. 404.

Sir Edward Grey to Mr. Marling.

(No. 160.)

(Telegraphic.) P.

Foreign Office, May 21, 1910.

AS regards the suggestion contained in your telegram No. 197 of the 29th April, I should be glad to learn whether you think that the Persian Government can be induced, by our threat to increase the Shiraz consular guard, to provide the money required for the restoration of order on roads in the south.

If this threat, proving insufficient, has to be carried out, will it not merely annoy the Persian Government and tend to make the Russians delay the withdrawal of their troops in the north, while giving but little additional security to ordinary trade on those roads?

It would be better to abstain from the threat till you have discussed the situation with the Persian Government in a frank and friendly way, and have asked them what steps they propose to take in the matter, and what assistance His Majesty's Government can lend in bringing about a settlement.

[18083]

No. 405.

M. Isvolsky to Count Benckendorff.—(Communicated to Foreign Office, May 21, 1910.)

(Confidentiel.)

LE Ministre de Russie à Téhéran télégraphie que, d'accord avec son collègue de Grande-Bretagne, il croit le Gouvernement persan convaincu qu'une réponse aux deux Puissances est indispensable; il se pourrait, donc, que cette réponse parvienne aux deux représentants sans aucune pression de leur part. M. Poklewsky demande en même temps des instructions pour le cas où le Gouvernement persan s'informerait préalablement auprès de lui pour savoir si pareille réponse est attendue; faudra-t-il dans ce cas répondre affirmativement à la question du Gouvernement persan, mais sans insistance, ou bien faudra-t-il dire qu'aucune réponse écrite n'est nécessaire?

M. Poklewsky ajoute que depuis la dernière crise ministérielle on remarque à Téhéran une tendance évidente à aller au-devant des désirs des deux Puissances.

D'un autre côté, Sir A. Nicolson a confirmé que Mr. Marling a télégraphié dans le

même sens, signalant l'embarras des deux légations au cas d'une réponse défavorable du Gouvernement persan, car il serait indispensable alors d'exercer de la pression.

Trouvant ces observations de Mr. Marling parfaitement justes, M. Isvolsky serait d'avis de donner à M. Poklewsky les indications suivantes au sujet de la communication identique que son collègue de Grande-Bretagne et lui viennent d'être chargés de faire :—

“ Cette communication constitue seulement un commentaire à la note du 25 mars et devra être remise sans qu'il soit exigé de réponse. Les deux représentants devront seulement mentionner verbalement qu'il ne s'agit pas d'une question demandant une réponse, mais que la communication exprime des désirs catégoriques des deux Puissances, lesquelles seront obligées de prendre des mesures pour la sauvegarde de leurs intérêts au cas où la Perse ne se conformerait pas à ces demandes.”

Une pareille déclaration se trouverait en accord tant avec la conversation de M. Isvolsky et du Comte Pourtalès qu'avec celle de Sir E. Grey et du Comte de Metternich.

Le Gouvernement Impérial serait désireux de connaître l'avis de Sir E. Grey à ce sujet.

[18288]

No. 406.

M. Isvolsky to Count Benckendorff.—(Communicated to Foreign Office, May 21, 1910.)

(Confidentiel.)

M'ENTRETENANT avec le Comte de Pourtalès au sujet des affaires persanes, j'ai résumé la situation comme suit :—

Le Gouvernement persan, en réponse à la dernière communication de la Russie et de l'Angleterre, a reconnu que les sources des revenus servant de garantie aux emprunts russes et anglais ne peuvent en aucun cas servir de garantie à de nouveaux emprunts et que toutes les dettes de la Perse à la Russie et à l'Angleterre doivent préalablement faire l'objet d'un engagement formel spécial avec indication de garanties suffisantes.

Pour ce qui est de la question des concessions, les Cabinets de Saint-Petersbourg et de Londres sont convenus d'expliquer au Gouvernement persan que les deux Puissances s'attendent à ce que, avant de délivrer des concessions pour des voies de communication, des télégraphes, ou des ports à des sujets étrangers, le Gouvernement persan entrent dans un échange de vues avec elles afin que les intérêts politiques et stratégiques des deux Puissances puissent être dûment sauvegardés. Tout acte en contradiction avec ce principe sera envisagé comme étant contraire à l'amitié traditionnelle existant entre la Perse et les deux Puissances.

J'ai ajouté à ce qui précède qu'aucune réponse par écrit n'est exigée du Gouvernement persan et que la teneur et la forme de cette communication nous semblaient de nature à ne soulever aucune protestation ni de la part de l'Allemagne, ni d'autres tierces Puissances.

D'autre part, je n'ai pas caché au Comte de Pourtalès que si le Gouvernement persan ne prenait pas en considération nos désirs et nous mettait en présence d'un fait accompli en matière de concessions ayant pour nous un intérêt politique ou stratégique, nous nous trouverions obligés de prendre vis-à-vis de la Perse des mesures pour sauvegarder ces intérêts.

En terminant, j'ai confirmé encore une fois que nous pensions fermement pouvoir arriver avec le Gouvernement allemand à une entente amicale sur le terrain des affaires persanes et aussi notre intention de reprendre le plus tôt possible les pourparlers interrompus depuis trois ans.

[17808]

No. 407.

Sir Edward Grey to Count de Salis.

(No. 133. Secret.)

Sir,

Foreign Office, May 21, 1910.

I HAVE to inform you that the German Ambassador called on the 13th instant, and made a statement to Sir C. Hardinge on much the same lines as that which he made to me on the 10th instant, respecting concessions in Persia (see my despatch

No. 122, Secret, of that day to Sir E. Goschen). He added that, according to information which the German Government had received, the Persian Government had partly acceded to the demands of the British and Russian Governments, and the German Government feared that, in the event of pressure being applied by the two Governments, Germany would find herself face to face with a *fait accompli*, and would be compelled to resort to a protest against a breach of most-favoured-nation treatment by the Persians. He said that I had appeared favourably disposed to the idea of negotiations, and he pressed Sir C. Hardinge for a reply as to whether His Majesty's Government intended to negotiate an agreement with Germany, or to exert pressure on the Persian Government to obtain a declaration in the sense which they desired.

Sir C. Hardinge told his Excellency that the information which he had received from Tehran was, as far as he knew, inexact. His Excellency had seen me a few days before, and I had then told him that I would speak to Sir E. Goschen when he came here for the funeral. In the meantime nothing further had been said to the Persians, the last communication being dated five or six weeks ago, and His Majesty's Government were not pressing the Persian Government at this moment.

I am, &c.

E. GREY.

[17155]

No. 408.

Foreign Office to Messrs. Ellinger and Co.

Gentlemen,

Foreign Office, May 21, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letters of the 13th and 14th instant, relative to the question of safeguarding the rights enjoyed by Messrs. Andrew Weir and Co., under this contract signed by them with you as the representatives of Muin-ut-Tujjar, for the shipment of red oxide from Hormuz.

I am to state in reply that, according to information which has reached Sir E. Grey, the contract to which you refer has already been signed by Messrs. Frank C. Strick and Co. with the Persian Government, and that it is, therefore, out of the power of His Majesty's Government to prevent the conclusion of this arrangement.

His Majesty's Government have, moreover, no right to prevent the Persian Government from signing such a contract with anybody whom they please, and their only ground for intervening in the present case is based on the obligation to secure that Messrs. Weir shall suffer no loss through the action of the Persian Government in entering into this new agreement, supposing that the Muin was within his rights in making the contract with that firm.

As you are aware, His Majesty's representative at Tehran has already received instructions to address a communication to the Persian Government with this object.

As regards your request that the Persian Government should be pressed to hand to Muin-ut-Tujjar or to your firm the bills of lading for the oxide shipped on board the steam-ship "Pondo," I am to state that His Majesty's Government have no right whatever to take such a step.

I am to state that Sir E. Grey in no way desires to disclaim the obligations assumed in the letter of the 3rd May, 1909, to which you refer, but these obligations were applicable to circumstances totally dissimilar to those at present prevailing.

There was, at that time, no question as to the ownership of the concession, the rights of the Muin and, consequently, those of Messrs. Weir not having been disputed by the Persian Government.

It was the Nationalists who were threatening to confiscate the oxide, and the support of His Majesty's Government was promised in order to avert what would have amounted to an act of robbery, committed in defiance of the Persian Government.

At the present time, the concession is in dispute between two British firms, in regard to whom His Majesty's Government are bound to exercise absolute impartiality. The Persian Government deny that the Muin had any right to conclude a contract with Messrs. Weir, and there appears to be ground for believing that they are justified in this attitude.

They are so confident of the case that they have granted the concession to Mr. Strick.

In these circumstances, His Majesty's Government must confine themselves to

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informing the Persian Government that they will be held responsible if legitimately acquired rights of a British firm are infringed.

I am, &c.
LOUIS MALLET.

[17842]

No. 409.

Foreign Office to London Committee of the Deputies of the British Jews.

Sir, *Foreign Office, May 21, 1910.*
I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 18th instant relative to the attack by a fanatical mob on the Jews at Hamadan, whereby the staff of the school conducted by the Alliance israélite universelle in that town have been endangered.

I am to inform you that, on the receipt of your letter, Sir E. Grey addressed a telegram to His Majesty's chargé d'affaires at Tehran, informing him of the circumstances of the case, and instructing him to take such steps as he is able in concert with the French Minister in the sense desired by your committee.

I am, &c.
LOUIS MALLET.

[17149]

No. 410.

Foreign Office to Messrs. Seligman Brothers.

Gentlemen, *Foreign Office, May 21, 1910.*
I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 13th instant relative to the scheme for a loan to the Persian Government in which you are interested.

I am to inform you, in reply, that if the terms of the loan contract between your group and that Government are satisfactory to His Majesty's Government, Sir E. Grey will consider favourably the question of taking note of it, and of allowing the fact that he has done so to be mentioned in the prospectus of the loan.

He could not, however, give his approval to any contract which was not agreeable to the Russian Government or which encroached on the revenues on which a lien is already held by His Majesty's or the Russian Government on account of the service of loans already made to the Persian Government by them or by the Imperial Bank of Persia or the Russian bank.

I am to add that the debt of the Persian Government to His Majesty's Government cannot be paid off till the year 1925, and that the Russian Government do not desire the repayment of the Persian Government's debt to them.

I am, &c.
LOUIS MALLET.

[10893]

No. 411.

Sir A. Nicolson to Sir Edward Grey.—(Received May 23.)

(No. 223.)

Sir, *St. Petersburg, May 12, 1910.*

I HAVE the honour to state that I informed M. Isvolsky that you agreed that act should be taken of the acquiescence of the Persian Government with the first two conditions laid down in the joint note of the 7th April, and that in respect to the explanations which they desired as to the condition concerning concessions you suggested a reply, of which the terms were recorded in your telegram No. 220 of the 10th instant. I communicated the proposed wording in writing to his Excellency.

M. Isvolsky handed to me to-day, embodied in a private letter, of which I beg leave to transmit a copy, the draft of the reply which he proposed should be made to the Persian Government. He asked me what I thought of it. I told him that I considered that the end of the reply was somewhat menacing, and had the appearance of an ultimatum; it would perhaps be desirable in present circumstances to attract the Persian Government towards us rather than to terrify them away from us. It was doubtless

necessary to make our position quite clear, and this end was obtained by the wording of your draft. His Excellency said that there was no threat in your draft, and that as the Persian Government would probably not be asked to make any declaration on their side, it seemed to him that a simple statement of views on the part of the two Governments was too mild. However, he had telegraphed to Count Benckendorff the text of his draft, and he would doubtless soon have your views on his proposal. I remarked that doubtless a middle term would be found, and the subject dropped.

I have, &c.
A. NICOLSON.

Enclosure in No. 411.

M. Isvolsky to Sir A. Nicolson.

Mon cher Ambassadeur, *Saint-Petersbourg, le 29 avril (12 mai), 1910.*

JE partage entièrement l'avis de Sir E. Grey quant à la dernière partie du projet de communication identique proposé par M. Poklewsky et Mr. Marling. Mais je crois qu'il serait peut-être plus prudent de ne pas introduire dans la première partie du projet les mots "chemins de fer, routes, télégraphes, ou ports," que Sir Edward veut y insérer, puisqu'il peut y avoir d'autres concessions encore incompatibles avec nos intérêts en Perse.

Je crains que si nous insistons sur un engagement formel de la part du Gouvernement persan cela ne manquera pas de provoquer des protestations allemandes à Téhéran, et qui sait à quelles complications cela pourrait mener?

Je propose par suite de remplacer la demande d'un engagement formel par quelques mots de menace, qu'on pourrait ajouter à la fin de la communication projetée, dont le texte serait alors le suivant:—

"En vue de la difficulté de spécifier à l'avance les concessions qui pourraient nuire aux intérêts politiques ou stratégiques des deux Puissances, ces dernières s'attendent à ce qu'avant d'accorder des concessions à des étrangers le Gouvernement persan entre chaque fois dans un échange de vues avec les deux légations. Si le Gouvernement persan ne se conforme pas à ce désir des deux Puissances, ces dernières ne manqueront pas de prendre les mesures qu'elles trouveront nécessaires pour défendre leurs intérêts."

Votre, &c.
ISVOLSKY.

P.S.—Je viens de télégraphier au Comte Benckendorff dans le sens de ce qui précède.

I.

[18097]

No. 412.

Sir A. Nicolson to Sir Edward Grey.—(Received May 23.)

(No. 233.)

Sir, *St. Petersburg, May 17, 1910.*

ON the 12th instant M. Isvolsky read to me an amended communication which he proposed should be addressed to the Persian Government in reply to their request for explanations as to the "caveat" which the two Governments wished to lodge in respect to the grant of concessions to third parties in Persia. He remarked that it might be as well not to specify the character of the concessions which should come within the limits of our warning, and he was also of opinion that it would be desirable to emphasise the warning by some intimation as to possible ulterior measures should the Persians disregard the requests of the two Powers. He considered that your proposed draft was a little too benign. He asked what I thought of his *rédaction*, which he had already telegraphed to Count Benckendorff for communication to you. I observed that it seemed to me that the concluding passage was too severe, and had too much the character of an ultimatum. In present circumstances it would be well to attract the Persian Government to us rather than to frighten them away from us. However, it would be best to await your views on the subject.

On receipt of your telegram No. 233, which expressed your views as to the draft of M. Isvolsky, and which proposed another amended form, I called on his Excellency

and submitted the enclosed paper to him, and verbally gave the explanations with which you were good enough to furnish me. I said that you still preferred your original wording; but in deference to his views you had added a sentence which, while not of a threatening character, still gave a sufficiently clear intimation of the importance which the two Governments attached to the matter. I said that I would be much obliged if his Excellency would give me a reply as soon as possible, as it was most desirable that no delay should ensue in making the communication to the Persian Government. His Excellency said that he thought that he could accept your wording, and that he would send me a written reply in the evening. I beg leave to enclose copy of a letter which I received last night, and which I assume may be regarded as an acceptance of your communication subject to the omission which he suggests.

I mentioned to M. Isvolsky that when the communication had been handed in to the Persian Government you proposed for the present not to proceed further with negotiations as to Persia unless an agreement on acceptable conditions as to the Bagdad Railway could be arrived at. M. Isvolsky remarked that he would have for his part to continue discussions with the German Government. I said that I presumed that such discussions would be limited to an endeavour to reach an understanding as to the Bagdad Railway, and as to German intentions in regard to concessions in the Russian sphere. M. Isvolsky replied that necessarily such an arrangement would form part of the discussions. I am not quite clear as yet as to the lines on which his Excellency proposes to conduct his discussions, but I will endeavour to ascertain something further on the subject within the next few days.

I have, &c.

A. NICOLSON.

Enclosure 1 in No. 412.

Aide-mémoire: Proposed amended version for communication to the Persian Government.

IN view of the difficulty of defining concessions which might be injurious to their political or strategic interests, the two Powers expect that, before granting any concession for means of communication telegraphs and ports to a foreign subject, the Persian Government will enter into an exchange of views with them in order that measures may be devised whereby the political or strategic interests of the two Powers may be duly safeguarded. Any act in contravention of this principle would be regarded as contrary to the traditional friendship so happily existing between Persia and Great Britain and Russia.

St. Petersburg, May 3 (16), 1910.

Enclosure 2 in No. 412.

M. Isvolsky to Sir A. Nicolson.

Mon cher Ambassadeur,

Saint-Petersbourg, le 3 (16) mai, 1910.

Il me semble que les mots "measures may be devised whereby" dans le texte de la communication proposée par Sir E. Grey affaiblissent trop la portée de ce document. Ne vaudrait-il pas mieux les omettre complètement, de manière à ce que la deuxième partie de la première phrase soit rédigée comme suit: "in order that the political or strategic interests of the two Powers might be duly safeguarded"?

Si votre Gouvernement n'y voit pas d'objections, je ne manquerai pas de donner des instructions dans ce sens à M. Poklewsky.

Votre sincèrement dévoué,

ISVOLSKY.

[18098]

No. 413.

Sir A. Nicolson to Sir Edward Grey.—(Received May 23.)

(No. 235.)

Sir,

St. Petersburg, May 17, 1910.

I HAVE the honour to report that the "Novoe Vremya" of to-day publishes an article on the interference of Germany in Persian affairs.

The journal begins by saying that it is evident that the non-German press, including the "Novoe Vremya" itself, was right in continuing to suspect the German Government of political ambitions in Persia in spite of Prince Bülow's declaration to the contrary made in the Reichstag in 1909, and the journalists only did their duty in drawing public attention to the actions of German financiers, whose complete indifference to the economic needs of Persia is proved by their proposal to lend money to Persia on terms very advantageous to the Government, but burdensome to the people. In the same category as this proposal are the schemes for joining the Bagdad Railway with possible Persian railways and the Urumia concession. The "Novoe Vremya" refers to a special telegram from Vienna, which states that according to rumours the pourparlers between Russia, England, and Germany on the subject of Persia, have so far revealed a profound difference as regards principle in the views of the two parties. Germany firmly refuses to recognise the Anglo-Russian Agreement, and the special position of these two Powers as regards Persian railways and finance. Not content with this, the Berlin Government is endeavouring to induce Austria and Italy to join her on the ground that the interests of the whole Triple Alliance are endangered by the attitude of England and Russia in Persia. Characteristic articles in this sense, which are almost identical, appear in the "Wiener Allgemeine Zeitung" and the "Vossische Zeitung." These articles, which publish facts which are alleged to come from British sources, but which more likely are of German origin, recommend the Triple Alliance to defend their menaced rights, and hint that the Persian question may become more dangerous than the Moroccan question. The "Novoe Vremya" declares that Russia and England have never told Persia that she has no right to conclude loans over which these two Powers have no control. The question was of an entirely different nature. It was concerned with the conditions under which the two Powers were prepared to make an advance to the Persian Government. One of these conditions was especially unpalatable, though it did not impose a direct control by England and Russia, beneficial though this control would have been; but stipulated for the institution of a Persian Commission to prevent the money being embezzled by the Persian officials as had hitherto been the case. Russia and England cannot dispute Persia's right to obtain money wherever she can, but they can undoubtedly demand that those sources of revenue which guarantee existing Persian loans shall not be used for any fresh loan. The journal continues that the Anglo-Russian Agreement of 1907 establishes the "open door" and commercial equality for all nations in Persia. Russia and England have strictly carried out the provisions of this instrument, and they have placed no obstacles in the way of the commercial development of any nation in Persia. But there is no question now of the commercial activity of all nations, but only of the financial and political activity of one. The journal again lays stress on the fact that it is only Russia and England which have political or strategical interests in the country, and it is these interests which give them their special rights as regards construction and working of railways—a right which no one can dispute, least of all Germany, whose Chancellor declared last year that Germany's interests in Persia were purely commercial, and in no sense political. The article continues that neither Russia nor England will hinder a purely commercial development; in it, on the contrary, they would hail an increase in the welfare of the Persian people; but political ambitions must be resisted by all possible means. Germany's insignificant interests in Persia are commercial, and political intrigues are nothing more nor less than a criminal attempt to disturb the peace. The article concludes with the hope that the Russian Foreign Office, pliant though it is, will not give way before claims so clearly preposterous.

The "Bourse Gazette" also publishes an article on the same subject and laments the new development of the Persian question, which has depressed those who were tempted to believe the recent official denials of the rumours that Germany was displaying an unusual interest in Persian affairs at the present time. There can now be no doubt, continues the "Bourse Gazette," that the ideas of the German Government and the provisions of the Anglo-Russian Agreement—provisions which give Russia and England as limitrophe countries a special position in Persia—have come into conflict. Berlin, however, refuses to see in the agreement the only chance which Persia possesses of effecting her regeneration, but regards it as a violation of international law and an attack on German interests in Persia of which up till now nobody knew anything. The representations of the German Ambassador in London are nothing more nor less than a protest against the fundamental principle of the Anglo-Russian Agreement; though for three years Germany has acquiesced in this instrument. The "Bourse Gazette" wonders why the present moment has been chosen for the protest, and asks its readers whether the choice is wholly unconnected with the removal of King Edward from the

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3 F

arena of politics. The public do not know this any more than they know whether representations similar to those made in London have been made in St. Petersburg. At any rate, the journal continues, one thing is clear, and that is that there are now three competitors in the game which is being played in Persia, and the object of the third is sufficiently clear; even if Germany's immediate object is not a railway concession or a loan, at all events she is taking advantage of the weakness of the Tehran Government to form for herself a sphere of influence in the Urumia region, i.e., the richest portion of Azerbaijan and that which has the largest trade with Russia. The journal deplores the characteristic bad taste shown in making a demand of this nature in London at such a moment during the period of profound national mourning; but it observes that neither this nor the grave constitutional crisis through which England is passing will be able to postpone the settlement of the question for long. An attack is being made on the Anglo-Russian Agreement, considered in England as one of the most valuable legacies left by the late King, which forms the basis of the Asiatic policy of England and Russia, and the "Bourse Gazette" says there can be no doubt as to the answer which will be returned in London to the German Government. The article concludes by pointing out that after three years of tacit acquiescence the German Government has chosen this moment to protest against the Anglo-Russian Agreement, and says that it is necessary to be endowed with an extraordinary supply of optimism to imagine that the blessings of peace are ensured for some time to come to the nations of Europe, who are ceaselessly arming to preserve them.

I have, &c.
A. NICOLSON.

[18103]

No. 414.

Sir A. Nicolson to Sir Edward Grey.—(Received May 23.)

(No. 240.)

Sir,

St. Petersburg, May 19, 1910.

I HAVE the honour to transmit herewith a copy of a memorandum enumerating briefly our agreements with the Persian Government with regard to telegraphic communication between Khanikin and Tehran which, in accordance with the instructions contained in your despatch No. 133 of the 3rd May, I handed to M. Isvolsky.

I have, &c.
A. NICOLSON.

Enclosure in No. 414.

Aide-mémoire communicated to M. Isvolsky.

THE following is a brief summary of the various arrangements between the British and Persian Governments which concern the concession for the Tehran-Khanikin telegraph line:—

1. On the 17th December, 1862, the Persian Government entered into an engagement with the British Government for the construction of a line of telegraph "from Khanikin to the capital, Tehran, and from Tehran to the port of Bushire." The line was to be constructed at the cost of the Persian Government and to be placed under an English engineer officer in the pay of the British Government.

This engagement was approved and accepted by the British Government on the 6th February, 1863.

2. On the 23rd November, 1865, this engagement was amplified in a convention relative to telegraphic communication between Europe and India, passing through Persia by Khanikin to Hamadan, Tehran, and Bushire.

3. The line was duly constructed, but the practical control by British engineers of the section from Khanikin to Tehran was allowed to become a dead letter. British rights, however, were never relinquished, and were indeed confirmed by article 16 of the Telegraph Convention between Great Britain and Persia of the 2nd December, 1872, which states:—

"This convention applies specially to the Tehran-Bushire section, but shall apply equally to the Tehran-Khanikin section should the English directors at any time deem it expedient to resume charge of that portion of the Persian telegraph."

4. By an agreement signed at Tehran on the 3rd July, 1887, the above convention (of 1872) was prolonged to the 31st January, 1905.

5. And by a further agreement signed at Tehran on the 7th January, 1892, it was further prolonged to the 31st January, 1925.

6. On the 14th June, 1906, the Indo-European Telegraph Company, wishing to secure to itself the reversion of the Tehran-Khanikin line in case the Indo-European Telegraph Department (as representing His Majesty's Government) should not care to resume the exercise of its rights, entered into the following agreement with the Persian Government:—

"Le Gouvernement de Sa Majesté le Schah n'a aucune objection à ce que l'Indo-European Telegraph Company s'entende avec le Gouvernement britannique pour la reprise éventuelle de la section de Téhéran à la frontière turque (Khanékine) de la ligne télégraphique qui fait l'objet de la convention conclue le 23 novembre, 1865, entre le Gouvernement persan et le Gouvernement britannique."

This agreement was registered at the Russian Legation at Tehran, and the authenticity of the seals of the Atabeg-i-Azam and of the Minister for Foreign Affairs was certified by affixing the official seal of the Legation.

St. Petersburg, May 2 (15), 1910.

[18104]

No. 415.

Sir A. Nicolson to Sir Edward Grey.—(Received May 23.)

(No. 241.)

Sir,

St. Petersburg, May 20, 1910.

I HAVE the honour to report that the semi-official "Rossia" of yesterday publishes an article on the telegram from Vienna which appeared recently in the "Vossische Zeitung" on the subject of the attitude of Russia and Great Britain towards Persia.

The "Rossia" denies that Russia and England have ever made the declaration to Persia regarding her right to conclude loans which the "Vossische Zeitung" attributes to those Powers. Negotiations of the two Powers with Persia have so far only dealt with a small loan and the conditions on which it could be made. The establishment of a special commission to supervise the proper expenditure of this loan has been discussed, but no proposal has been made to include representatives of Russia and England on this commission.

As regards the right of the Persian Government to obtain money from third parties, Russia and Great Britain, in view of the heavy financial obligations contracted by Persia in their respective banks, have an undoubted right to insist that those items of revenue which guarantee these obligations shall not serve as security for any new financial arrangements, and that the various small advances made to the Persian Government from time to time by the two banks shall first be duly tabulated and guaranteed.

Again, there is not and never has been any question of the two Powers aiming at restricting in any way the commercial and economic interests of the Powers of the Triple Alliance, or indeed of any third Power. The Anglo-Russian Agreement of 1907 clearly laid down the principle of "equality of rights for the commerce and industry of all nations in Persia," and so far the action of the two Powers has conformed strictly to this principle.

Both England and Russia, however, in virtue of their proximity and close economic ties with Persia, have undoubted right to privileged political predominance in that country. Both Powers have invested much capital in Persia, especially Russia, whose interests there amount to 100,000,000 roubles. Both Powers have also the right to demand that their strategic interests in the districts bordering on their frontiers shall be fully secured. This view is evidently shared by the German Government, as may be seen from the speech delivered on the 16th (29th) March, 1909, in the Reichstag by Prince Bülow, then Imperial Chancellor, who declared that Germany's aims in Persia were exclusively economic. In view of this statement, Germany could scarcely have any ground for seeing any violation of her rights in the fact that both Powers insist on priority in the matter of concessions for railways and certain other enterprises which have undoubtedly a political or strategic significance. With the consent of the German Cabinet to recognise the preferential rights of Russia in Persia

and an entire readiness on the part of Russia to meet Germany's wishes with regard to her commercial interests in that country, there is undoubtedly good ground to hope that an entirely satisfactory mutual agreement as to Persian affairs may be arrived at.

I have, &c.
A. NICOLSON.

[18148]

No. 416.

Sir G. Lowther to Sir Edward Grey.—(Received May 23.)

(No. 315.)
Sir,

Pera, May 16, 1910.

WITH reference to your telegram No. 98 of the 10th instant, I have the honour to report that my Russian colleague and I to-day left at the Sublime Porte the "notice" of which a copy is enclosed *mutatis mutandis*.

The Under-Secretary of State for Foreign Affairs, who received it in the absence in England of Rifaat Pasha, and who did not seem to have any knowledge of the frontier question, merely remarked that he would take an early opportunity of handing it to the Grand Vizier.

I have sent a copy of this despatch to Tehran.

I have, &c.
GERARD LOWTHER.

Enclosure in No. 416.

Note communicated to Sublime Porte.

LE Gouvernement russe (anglais), désirant se rendre compte de la situation qui existe dans certaines parties de l'Azerbaidjan, où l'autorité administrative du Gouvernement central persan semble momentanément affaiblie, se propose de charger un employé de son consulat général à Tauris de faire dans ce but un voyage à Ourmiah et dans quelques districts avoisinants, avec l'aide des autorités locales persanes.

Comme les renseignements communiqués par le Ministre ottoman des Affaires Étrangères permettent de constater la présence temporaire dans ces parages de fonctionnaires et de détachements ottomans dont la répartition et les mouvements ne semblent pas être suffisamment connus à Constantinople, l'Ambassadeur de Russie (d'Angleterre) a l'honneur, d'ordre de son Gouvernement, de demander à son Excellence si le Gouvernement ottoman est disposé à munir son consulat général à Tauris d'instructions à l'effet de charger un de ses employés de faire, simultanément avec son collègue de Russie (d'Angleterre), le voyage en question.

[18151]

No. 417.

Sir G. Lowther to Sir Edward Grey.—(Received May 23.)

(No. 318.)
Sir,

Constantinople, May 18, 1910.

I HAVE the honour to forward herewith a despatch from His Majesty's consul at Bussorah, in regard to the strained relations existing between the Sheikh of Mohammerah and the Turkish authorities, and to the course of events which have brought about this state of affairs.

I have, &c.
GERARD LOWTHER.

Enclosure in No. 417.

Consul Crow to Sir G. Lowther.

(No. 22.)

Sir,

Bussorah, April 23, 1910.

AS a result of the good understanding between the vali of Bussorah and Sheikh Khazal of Mohammerah, the latter, some three months ago, promised to aid the Turkish

authorities to preserve the peace in this vilayet, and to hand over criminals from Turkish territory who sought refuge in the sheikh's domains. Khazal also undertook not to let disturbers of the peace cross the river to Turkey. Last month robbers attacked a house at Menawee, a village close to this consulate. It was reported to the authorities that one of the robbers was a servant of Mirza Hamza, the sheikh's agent at Bussorah, that he had fled to Mohammerah, and that the sheikh declined to give him up.

On the 2nd April, Kassim Chelmeran, proprietor of the local newspaper "Idhar el Hakk," was killed by his labourers at Ajerawiye, a few miles below this consulate on the opposite side of the river, in Turkish territory, and the murderers sought refuge at Mohammerah. These people were not handed over to the Turkish authorities. Besides these, it is reported that there are many criminals, fugitives from justice, at Mohammerah, and when Sheikh Khazal is asked to give them up he denies their presence there. We had similar grounds of complaint against the authorities at Mohammerah in connection with the Magbil case, and the murder of Mr. Glanville in 1906, as your Excellency will see from the correspondence on the subject.

Last month Mohammed Bey el Moshree applied to the Turkish authorities in the usual way to remove certain fellahs from his property at Dowasir. The authorities tried to carry out the orders given for their removal, but without success, and the trespassers were supported in their opposition to the local authorities by one, Mohammed el Chinan, who, with his followers, lies at Zein, on Turkish territory. The vali sent the Tabour Agassi with fifteen gendarmes to arrest Mohammed el Chenan. This they were not able to do, and were informed in answer to their demands that all the people there belonged to Sheikh Khazal, and were unable to come to Bussorah, and if the arrest was insisted on, the agent of Mohammed Bey el Moshree, at Dowasir, would be killed in the same manner as Kassim Chelmeran. The Tabour Agassi returned to Bussorah and informed the vali accordingly. Mohammed Chinan seems to have applied to Sheikh Khazal for protection, and when the latter was requested by the vali to hand Chinan over, as he was an Ottoman subject residing on Turkish territory, the sheikh refused to do so, contending that the man belonged to him. On the 18th April, however, Sheikh Khazal brought up Mohammed Chinan with him in his yacht as a guest to Bussorah, and wished to call on the vali with him and discuss the affair. But the vali refused to see either Khazal or Chinan, and demanded that the latter should be handed over in the usual way, and if this were done, he would be pleased to receive the sheikh. Sheikh Khazal then returned to Mohammerah with his guest, and relations with Bussorah are somewhat strained in consequence. Mirza Hamza left shortly afterwards for Mohammerah.

In conversation with me the vali said he had no intention of giving way in the matter, and if the sheikh did not concede his demands, he would send the "Marmaris" to Zein, which is Turkish territory, to demonstrate, and if necessary punish Chinan and his retainers for their resistance to his demands. The vali said he had had some opportunity of studying Sheikh Khazal, and thoroughly distrusted him. His influence was great as a land-owner and a tribal chief on the Turkish side of the river, and he thought most of the mukhtars of the villages from Abulkhassib down were in his pay or pledged to his interests. He attributed all the river troubles from Bussorah to Fao to his sinister influence and, as a precaution, he had changed or was changing the local headmen, who were under the sheikh's influence, and was putting in his own men. He said the Government now had means at its disposal of showing strength, and he meant to take strong action.

I have, &c.
F. E. CROW.

[18108]

No. 418.

Count de Salis to Sir Edward Grey.—(Received May 23.)

(No. 147. Confidential.)

Sir,

Berlin, May 20, 1910.

IN his despatch No. 144 of the 16th instant Sir E. Goschen forwarded to you translation of a telegram to the "Vossische Zeitung," dated at Vienna on the 14th May, respecting the Persian loan question. Though this communication purported to come from an English source, it comprised a garbled account of the position taken up by the British and Russian Governments in dealing with Persia, but gave much fuller

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information as to what were understood to be the objections entertained by Germany to the policy pursued by the two Powers. It was considered here to have been inspired at Berlin.

On the 17th instant the "Novoe Vremya" published a reply to this article, to the effect that neither Russia nor England would place any obstacles in the way of the genuine commercial interests of Germany. . . . But that political designs [*sic*] would be looked on as criminal attempts to disturb the peace, and would come "utterly to grief." However prone it might be to give way, the Russian Foreign Office would not, it was felt, yield to demands which were obviously unjustifiable. (The quotation is of course from a German version, which may or may not be correct.) On the afternoon of Tuesday Baron von Schoen told me of the article (it had just been telegraphed to him), and spoke with considerable irritation about it, declaring that it had been obviously inspired by the Russian Foreign Office. It was of course unnecessary to suggest that the controversy appeared to have been commenced by the telegram in the "Vossische Zeitung," the authorship of which is freely attributed to the German Press Bureau—with every appearance of probability. But though it was to be noted that Baron von Schoen appeared to wish to leave me under the impression that any blame for beginning this exchange of polemics in the press should fall on the Russians, I was nevertheless surprised to learn from the "Daily Mail" correspondent on the following day that Dr. Hammann, the head of the Press Bureau, had just sent for him, had told him in strict confidence that his department were anxiously trying to find out the origin of the telegram to the "Vossische Zeitung," and would be much obliged to him to endeavour to ascertain—or at least give an opinion on the point—whether, as they suspected, the telegram was inspired by the Foreign Office in London.

In reply to my enquiry as to what might be his own opinion with regard to the incident, Mr. Wile, the gentleman in question, replied that he resented having been treated as a fool; that he believed that Dr. Hammann was the author of the article in question, but that in producing it he might have gone beyond the wishes of superior authority, which had accordingly called upon him to repudiate any connection with it. This opinion may be all the more likely to be correct, since it is understood that this might not be the first time that Dr. Hammann has advanced rather further than was desired in advocating a "forward" policy. Rumours of his retirement have again been current in the last few weeks, and the name of a possible successor, a Dr. Henninger, who deals with the press in the police "Präsidium" has been mentioned.

It may also have occurred that there has been some modification during the past few days in the attitude of the responsible German authorities as regards the Persian question. Moderate views have, moreover, been expressed in quarters which are not as a rule averse to urging a somewhat uncompromising defence of German interests. In a signed article in the "Tageszeitung" Count Reventlow urges that an effective commercial policy in Persia can only be pursued in accord with Russia; on no other condition can success in Persia be anticipated, while opposition to Russia in Persia would produce for Germany the worst results as regards the relations of the two Empires in the entire field of international affairs. Count Pfeil, who is, I understand, a partisan of Pan-German ideas, has also published an article to the same effect in the "Tägliche Rundschau."

An inspired rejoinder to the article in the "Novoe Vremya" has now appeared in the "Kölnische Zeitung," and has been reproduced this morning in the first column of the "Norddeutsche." After contradicting the statements that Germany had offered a loan to Persia, had asked for a railway concession in connection with the Bagdad Railway, and for a navigation concession on Lake Urumia, the article goes on to say that Germany takes her stand simply on her treaty rights, and has no political aspirations which would justify the denial of equal commercial treatment to her. But the conception of the meaning of the "open door" put forward by the "Novoe Vremya" is in contradiction with what all the world understands by the term, and with what has been recognised by Russia and England in dealing with Germany. There is no need, however, to look on the "Novoe Vremya" as representing official views: it is far too inaccurate as regards facts which are well known to the Russian Government.

The "Hamburger Nachrichten" hails this article with great satisfaction as a sign that the mistakes made with regard to Morocco are not going to be repeated on the present occasion. It is perhaps to the interest of Austria, but not of Germany, that the latter should start a quarrel of her own with Russia. Besides, German opposition will only have the effect of driving Russia still more into the arms of England. I venture to draw your attention to this and to the other non-official articles in view of what the

Chancellor and Baron von Schoen have recently urged with regard to the pressure of public opinion on the German Government.

I have, &c.

J. DE SALIS.

[18196]

No. 419.

Count de Salis to Sir Edward Grey.—(Received May 23.)

(No. 148.)

Sir,

Berlin, May 21, 1910.

WITH reference to my despatch No. 147, Confidential, of the 20th May, respecting Germany and Persia, I have the honour to transmit herewith translation of the article in the "Kölnische Zeitung" which was reproduced by the "Norddeutsche" with regard to Germany's attitude in regard to concessions in Persia.

I have, &c.

J. DE SALIS.

Enclosure in No. 419.

Extract from the "Norddeutsche Allgemeine Zeitung" of May 20, 1910.

GERMANY AND PERSIA.

(Translation.)

THE "Kölnische Zeitung" writes: "Russian and English newspapers have published various statements on the Persian question. Worthy of especial note is an article in the 'Novoe Vremya,' written with the manifest object of representing Germany as the international disturber of the peace. This paper endeavours to prove that Germany is pursuing aims in Persia, not of a commercial character, and incompatible with the political and strategic interests of Russia and England. The material produced as proof consists of three false assertions. Firstly, it is asserted that the Deutsche Bank had offered Persia a loan on very severe conditions. This is false. The Deutsche Bank has conducted no loan negotiations in Persia at all. Secondly, German financiers are said to have sought a concession for connecting Persia with the Bagdad Railway. This is also false. Thirdly, an attempt is alleged to have been made to obtain a German concession on Lake Urumia. This concession too is only imaginary.

"In guarding German commercial interests in Persia Germany's treaty position is very clear and simple. She can also point to the introductory clause of the Anglo-Russian agreement about Persia of 1907, and to the assurances voluntarily given her from St. Petersburg and London with regard to this agreement. As our readers are aware, Prince Bülow frequently referred to this subject in the Reichstag, and stated the German standpoint, which since that time has not changed. As Germany has no political aspirations in Persia, there can be no apprehension on the score of German interference, which could, as the 'Novoe Vremya' desires, occasion or justify any steps against the equal treatment of Germany in Persia. We observe with satisfaction that the Russian newspaper does not summarily dismiss the principle of equality of treatment. But we cannot form a conception as to the 'Novoe Vremya's' idea about the maintenance of this principle. For example, in one breath it admits Persia's right to conclude any loans she pleases and denies Germany's right to conduct financial operations in Persia. Further, a German company has for years held a bank concession—though it is true that it has not been made use of. In the statement of the 'Novoe Vremya' the conception of the open door assumes a form opposed to everything generally understood under that idea, and opposed to the interpretation placed on it by England and Russia in the case of Germany. If the 'Novoe Vremya' calls in question principles of international relations, to strengthen which the nations have worked for years, it is not admissible to reproach German policy with weakening these principles. In Persia, too, in pursuing her economic interests German policy has never diverged a hair's breadth from the ground of treaty right. In the article just discussed we have no reason to discern the opinions of official circles, seeing that in

all particulars it is far too opposed to the facts officially known to the Russian Government. For that very reason, however, it is of service to call attention to the untenable character of the article, which might, however, otherwise cause disquietude in certain circles."

[18297]

No. 420.

Mr. Marling to Sir Edward Grey.—(Received May 23.)

(No. 234.)

(Telegraphic.) P.

Tehran, May 23, 1910.

TURKS and Sheikh of Mohammerah.

Lieutenant Wilson reports that sheikh is not satisfied with arrangement proposed by vali, and has asked His Majesty's consul-general at Bushire to visit him at Mohammerah without delay to advise him in respect to answer he will return.

[18298]

No. 421.

Mr. Marling to Sir Edward Grey.—(Received May 23.)

(No. 235.)

(Telegraphic.) P.

Tehran, May 23, 1910.

WITHDRAWAL of Russian troops.

I am informed by M. Poklewsky that Russian Government have enquired as to the possibility of withdrawing troops. My Russian colleague has replied that those stationed at Kazvin might be recalled, as the state of the country does not demand their retention and as they are not to be employed for coercing Persian Government in political affairs. Persian Government, however, are delaying unwarrantably the settlement of two questions in which Russian Government are interested, and M. Poklewsky suggests that he should be authorised to negotiate privately for a satisfactory arrangement. There remains the question of status of the Cossack brigade, but my Russian colleague suggests that this point can be solved if a declaration to the effect that Russian Government understand that assurances given to dragomans by Sardar Assad and Sipahdar before the meeting of the Medjliss are confirmed be added to the note informing Persian Government of the withdrawal of troops.

M. Poklewsky thinks it would be premature to recall the troops stationed in Tabreez and in Ardebil, but he is advising that time-expired men who are to leave shortly should not be replaced.

Persian Government as a result of recent pressure have assumed a more reasonable attitude, and while desirous of showing appreciation of this change of policy, my Russian colleague fears lest unconditional withdrawal of troops might be looked upon as a sign of weakness or as a result of coercion exercised by Germany upon his Government.

For this reason he has suggested the minimum conditions which he believes can be approved by Persian Government and public opinion.

[18301]

No. 422.

Mr. Marling to Sir Edward Grey.—(Received May 23.)

(No. 236.)

(Telegraphic.) P.

Tehran, May 23, 1910.

FOREIGN advisers.

Please refer to your telegram No. 158 of the 21st May.

I received yesterday a visit from Nasr-ul-Mulk, who came to sound me as to how the appointment of financial advisers would be viewed by His Majesty's Government. He informed me that the Persian Government, bearing in mind the insistence of the two legations on the scheme drawn up by M. Bizot, had decided to employ Frenchmen in the Ministry of Finance, and that the Medjliss was prepared to sanction their appointment. In reply, I stated that I understood that the engagement of subjects of a small Power would now be more agreeable to His Majesty's Government, partly because they were mindful of the distrust with which M. Bizot had been regarded, and partly because an undesirable discussion with Germany might be provoked by the

selection of Frenchmen. Nasr-ul-Mulk again remarked that the Cabinet and the National Assembly very strongly desired the engagement of Frenchmen, and that they would be selected.

My Russian colleague received about the same time a visit from the Minister of Finance, who held very similar language. M. Poklewsky did not, however, mention our preference for Belgians, as he had not yet received instructions to do so.

Both Minister of Finance and Nasr-ul-Mulk spoke as if it had been decided that M. Bizot should return to Persia.

In these circumstances, if we now have to press Persian Government to engage Belgians instead of Frenchmen, it will be believed that we have been forced to do so out of deference to German wishes. I therefore submit that we should take no further action in the matter beyond the intimation I have given and that which M. Poklewsky will give on receipt of his instructions, and that Medjliss be left free to make such choice as it pleases.

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No. 423.

Mr. Marling to Sir Edward Grey.—(Received May 23.)

(No. 237.)

(Telegraphic.) P.

Tehran, May 23, 1910.

ADVANCE to Persian Government.

In continuation of my immediately preceding telegram, I have the honour to report that Nasr-ul-Mulk also referred to the question of advance and loan to Persian Government, concerning which vague intimations have already reached M. Poklewsky and me.

He stated that the necessity of solidarity and of friendly and intimate relations with the joint Powers was now becoming clear to Persian Government. The conditions attached to financial aid from the two Powers had alarmed public opinion, but it was now being comprehended that in drawing up these conditions England and Russia were safeguarding their own interests, and had no designs against the country. Persia had given us satisfaction on one point by her reply to the joint note of the 7th April; she was about to do so on a second by the engagement of foreign experts to superintend the Finance Department. In view of these facts she had a strong moral claim to our help. Money was badly needed by Persian Government, but they had practically pledged themselves not to obtain it except through the two Governments.

In reply, I stated that His Majesty's Government had a sincere desire to assist Persia. I had not been informed of what His Majesty's Government's views were regarding an advance and subsequent loan, but I thought that they would recognise the moral claim on them that Persia possessed.

M. Poklewsky also had a long and friendly interview with Minister of Finance, who till quite recently had held very anti-Russian views, and who hinted at the subject mentioned above.

M. Poklewsky and I concur in thinking that a very appreciable change has recently taken place in the attitude of the Cabinet, and we think that the opportunity should be utilised to gain the confidence of the Persians by offering tangible proof of our good-will.

Provided that foreign experts are engaged, I submit that, except to provide security for service and for repayment in the event of a subsequent loan being concluded, we should make the advance without conditions.

I believe this step would give stability to present Cabinet and inspire confidence generally.

[18291]

No. 424.

M. Isvolsky to Count Benckendorff.—(Communicated to Foreign Office, May 23, 1910.)

(Confidential.)

Je voudrais connaître l'impression de Sir Edward Grey sur dernière communication de M. de Schoen au Comte Osten-Sacken, avant de donner à Poklewski les instructions convenues.

Cette communication contient assurance formelle que l'Allemagne n'a jamais cherché à obtenir des concessions en Perse qui pourraient gêner la Russie et

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l'Angleterre, et n'a pas l'intention de se désister de cette attitude. D'autre part, Schoen insiste sur l'ajournement démarche par les deux Cabinets à Téhéran afin de faciliter arrangement amical.

Veillez demander à Sir Edward Grey s'il est d'avis qu'il faut passer outre, ce qui fournirait au Cabinet de Berlin prétexte plausible pour se montrer plus intransigeant au cours des négociations, ou bien s'il croit plus avantageux, dans la phase actuelle, de prendre la demande de M. de Schoen en considération.

Dans ce dernier cas, il faudrait songer à l'impression qu'un pareil ajournement pourrait produire à Téhéran, et au langage à tenir vis-à-vis du Gouvernement persan.

Il semble que, vu les circonstances, M. Poklewski et Mr. Marling pourraient se borner pour le moment à déclarer verbalement au Gouvernement persan qu'ils n'ont rien à ajouter à leur note du 25 mars et qu'ils n'exigent actuellement aucune réponse ultérieure du Gouvernement persan, mais que si celui-ci mettait la Russie ou l'Angleterre en présence d'un fait accompli en matière à porter atteinte à leurs intérêts politiques ou stratégiques, un pareil acte serait considéré par la Russie et l'Angleterre comme un acte peu amical de la part de la Perse et pourrait obliger ces deux Puissances à prendre telles mesures qui leur paraîtraient nécessaires.

[18291]

No. 425.

M. Isvolsky to Count Benckendorff.—(Communicated to Foreign Office, May 23, 1910.)

(Confidentiel.)

LE Comte d'Osten-Sacken ayant communiqué à M. de Schoen le contenu du dernier entretien de M. Isvolsky avec le Comte de Pourtalès, M. de Schoen a répondu à l'Ambassadeur de Russie qu'il considérait toujours la question persane comme une question théorique, en ce sens qu'en pratique l'Allemagne n'a jamais cherché à obtenir des concessions en Perse, qui pourraient gêner la Russie et l'Angleterre, et qu'elle n'a pas l'intention de se désister de cette attitude.

Mais la démarche projetée par les deux Cabinets à Téhéran constituerait en principe une lésion du droit de la nation la plus favorisée. L'opinion publique allemande très susceptible y verrait une tendance de l'Allemagne à une renonciation économique.

L'Allemagne ne se refuserait pas à s'engager par une entente amicale qui, tout en sauvegardant en théorie ses droits et sa dignité, reconnaîtrait les intérêts politiques et stratégiques des deux Puissances.

En ajournant la démarche projetée à Téhéran par les Cabinets de Saint-Pétersbourg et de Saint-James on faciliterait l'arrangement amical à conclure.

[17899]

No. 426.

Foreign Office to Mr. C. W. Wallace.

Sir,

Foreign Office, May 23, 1910.

WITH reference to the visit paid by you to this Office on the 17th instant, in the course of which you discussed the subject of the proposed advance of money by the Anglo-Persian Oil Company to the Persian Government, I am directed by Secretary Sir Edward Grey to inform you that, in the event of your company being in a position to offer such a loan, and of the loan contract being approved by His Majesty's Government and of its being agreeable to the Russian Government, he would be prepared to address a letter to the company taking note of the arrangement arrived at, and would not object to the publication of this letter in the prospectus of the loan.

I am to add that, should the Persian Government default, Sir E. Grey would be prepared to afford the company diplomatic support to obtain redress.

This undertaking would of course be recognised as binding by succeeding Governments of His Majesty.

I am, &c.

LOUIS MALLET.

[18520]

No. 427.

Mr. O'Beirne to Sir Edward Grey.—(Received May 24.)

(No. 159.)

(Telegraphic.) P.

St. Petersburg, May 24, 1910.

PERSIA. Proposed joint communication to be made to the Persian Government. I saw M. Isvolsky to-day. His Excellency mentioned the conversation held recently between M. de Schoen and the Russian Ambassador (Count Benckendorff will have informed you of its substance), and referred to his own suggestion for a new form of communication to the Persian Government, which should be verbal.

M. Isvolsky emphasised the value of the declaration which M. de Schoen had made to the effect that the German Government would abstain from endeavouring to obtain concessions in Persia which might be embarrassing to the British and Russian Governments, and he said that we might give Germany ground for receding from that declaration if we proceeded with the written communication to the Persian Government which had been already agreed upon. His Excellency hoped to avoid this result by the procedure which he now suggested should be followed. M. Isvolsky, however, observed that the above was only his personal opinion.

[18521]

No. 428.

Mr. O'Beirne to Sir Edward Grey.—(Received May 24.)

(No. 160.)

(Telegraphic.) P.

St. Petersburg, May 24, 1910.

NATIONALITY of financial experts for the Persian Government.

Minister for Foreign Affairs has sent telegraphic instructions to Russian Minister at Tehran to concert with His Majesty's chargé d'affaires, and to approach the Persian Government in the sense of your telegram No. 251 of the 21st instant.

[18518]

No. 429.

Count de Salis to Sir Edward Grey.—(Received May 24.)

(No. 33.)

(Telegraphic.) P.

Berlin, May 24, 1910.

PERSIA.

This evening I saw Freiherr von Schoen, who told me that instructions had been sent to Count Metternich to the effect that for the moment he was to say nothing more to you about Persia. The German Government felt that this was not the moment to speak about that question, while it had lost much of its acute character owing to the fact that misunderstandings had been removed by the explanations which had been given them.

[18409]

No. 430.

Mr. Marling to Sir Edward Grey.—(Received May 24.)

(No. 238.)

(Telegraphic.) P.

Tehran, May 24, 1910.

TURKS and Sheikh of Mohammerah.

In continuation of my telegram No. 234 of the 23rd May, I have the honour to report that Sheikh Uhazzal appears to be ready to do all in his power to facilitate co-operation, but he declares that the terms of the Turkish letter are threatening and unfair to him, and that he therefore cannot accept it. If letter could be revised with aid of His Majesty's consular officers and tone of menace eliminated from it, sheikh would probably be satisfied. He also desires some expression of regret for the loss he has sustained personally, &c.

[18632]

No. 431.

*Mr. Wallace to Mr. Mallet.—(Received May 25.)**Oriental Club, Hanover Square, London,
May 24, 1910.*

Dear Mr. Mallet,

I HAVE not been to the City to-day, and your letter of the 23rd only reached me this evening. I will acknowledge it officially to-morrow. Together with your letter, Mr. Greenway has sent me a copy of a telegram which has been sent to Mr. Preece to-day, and I now send it on to you. I did not mean it to go before I had submitted it to you, but I failed to make this intention clear to Mr. Greenway, who sent it off after an interview with Sir George Barclay.

If there is anything in it that you desire or would recommend us to modify, please send for me, and I will go to see you at any hour that you name.

I am, &c.

E. W. WALLACE.

Enclosure in No. 431.

Mr. Greenway to Mr. Preece.(Telegraphic.) *Decode.**London, May 24, 1910.*

REFERRING to my telegram of 6th, we think we may be able to arrange Persian loan. Try to ascertain whether, if we do so, can you secure mining concession and possibly extended territory, including littoral, which we understand now free owing to cancelment of Muin-ut-Tujjar rights. Our idea is we purchase 500,000L. Persian 5½ per cent. bonds at 80L, yielding them 400,000L, or the equivalent of lapsed Anglo-Russian 7 per cent. loan, bonds to be secured by, firstly, oil royalties, rights, and shares; secondly, second charge on customs revenues; thirdly, anything else you can arrange. Loan to be sixty years, redeemable by annual drawings commencing after ten years, so as to extinguish loan within sixty years, Government's option repay whole at par any time after ten years, oil concession to be automatically extended if loan not extinguished when concession expires.

Foreign Office, Barclay approve. Consult British Legation.

[18631]

No. 432.

Mr. Marling to Sir Edward Grey.—(Received May 25.)

(No. 239.)

(Telegraphic.) P.

Tehran, May 25, 1910.

TURKS and Sheikh of Mohammerah.

With reference to Sir G. Lowther's telegram No. 94 of the 21st May, His Majesty's consul-general at Bushire telegraphs as follows, No. 156:—

"Constantinople telegram No. 94, repeated in your No. 123. If vali can be kept away in the meantime, I submit that His Majesty's Government should await receipt of all the papers before forming final opinion. No opportunity has yet been afforded sheikh to explain his own side of the case. He is, meanwhile, quite ready to co-operate to the best of his ability, and I concur that we should use our influence in this direction. Even if accusations made against him were well founded, my attitude towards action of vali would be unchanged. I am entrusted by His Majesty's Government with the safeguarding and promotion of our influence locally and our great interests in Mohammerah district and in Koweit. I am of opinion that it is incompatible with those interests that a vali can, to public knowledge, commit with impunity an act of unjustified hostility apparently under the *agis* of our representative. That the vali's action was deliberately directed at the sheikh is plain from His Majesty's consul's at Bussorah own utterances; and on this point the public are under no misapprehension.

As late as the 9th March last Mr. Crowe, in his despatch No. 14 to His Majesty's Embassy at Constantinople, called attention in appreciative terms to the conciliatory attitude towards the vali maintained by the Sheikh of Mohammerah, and in the interests of sheikh I have the honour to invite reference to his statement."

[18628]

No. 433.

Mr. Marling to Sir Edward Grey.—(Received May 25.)

(No. 240.)

(Telegraphic.) P.

Tehran, May 25, 1910.

PROTECTION of southern roads.

With reference to your telegram No. 160 of the 21st May, I have the honour to report that the Minister of the Interior has promised to do all in his power to increase the security of the trade routes, and states that caravans will be able to travel in a few weeks. With regard to our offer, he replied that arms and money were the only forms of assistance which His Majesty's Government would give. At the present time the situation in Fars is precarious, and I doubt whether so short a time will suffice for effecting any real improvement, but I believe that his intentions are sincere, and that for the moment it would be premature to threaten to increase the escort. Moreover, the marked change in the attitude of the Persian Government towards the two Powers makes me unwilling to use this threat.

M. Poklewski would certainly not utilise the increase of our escort at Shiraz as an excuse to postpone withdrawal of Russian troops from Persia.

[18629]

No. 434.

Mr. Marling to Sir Edward Grey.—(Received May 25.)

(No. 241.)

(Telegraphic.) P.

Tehran, May 25, 1910.

ADVANCE to Persian Government.

Stratheona's proposal to advance 400,000L. to Persian Government, on terms which have been placed before you, has been communicated to me by Mr. Preece.

Russian Government, I presume, has been consulted, but I should like to know whether I may speak freely of the matter to my Russian colleague.

[18296]

No. 435.

Sir Edward Grey to Sir G. Lowther.

(No. 114.)

(Telegraphic.) P.

Foreign Office, May 25, 1910.

SHEIKH of Mohammerah and Turkish authorities.

Please instruct His Majesty's consul at Bussorah to act with Major Cox for settlement on lines indicated in my telegram No. 165 of the 25th May to Tehran.

[18311]

No. 436.

Sir Edward Grey to Mr. O'Beirne.

(No. 259.)

(Telegraphic.) P.

Foreign Office, May 25, 1910.

JOINT advance to Persia: see telegram from Tehran No. 237 of the 23rd May.

It seems to me that Russia and England should welcome Persian request, and do all they can to show appreciation of friendly overture. Russia especially would, I am sure, find it good policy to confirm friendly disposition of Persian Government by meeting their proposals with encouragement. I would recommend to India Office the advance of our share (200,000L.) without conditions, provided the Russians agreed.

I should be glad to have view of Minister for Foreign Affairs on this question.

[18634]

No. 437.

Sir Edward Grey to Mr. O'Beirne.

(No. 260.)

(Telegraphic.) P.

Foreign Office, May 25, 1910.

ARMS for Persian Government. See Sir A. Nicolson's telegram No. 145 of the 12th May.

Can you impress on Russian Government necessity of early reply to written communication? Imperial Bank of Persia are anxious for an answer.

[1722]

3 I

[18301]

No. 438.

Sir E. Grey to Mr. Marling.(No. 163.)
(Telegraphic.) P.*Foreign Office, May 25, 1910.*

FOREIGN financial experts for Persian Government. Your telegram No. 236 of the 23rd May.

Provided they clearly see the objections you need not urge Persian Government to desist from appointing Frenchmen if they have made up their minds to do so.

[18296]

No. 439.

Sir Edward Grey to Mr. Marling.(No. 165.)
(Telegraphic.) P.*Foreign Office, May 25, 1910.*

SHEIKH of Mohammerah and Turkish authorities. Sir G. Lowther's telegram No. 94 of the 21st May.

As you will perceive Mr. Crow takes a diametrically contrary view to that put forward by His Majesty's consul-general at Bushire. It is more than ever essential in these circumstances that matters should be settled locally, and that representations at Constantinople should be avoided. Could not Major Cox go to Bussorah to discuss matters with His Majesty's consul and try to come to some settlement on the following lines:—

That sheikh should promise not to foment disturbances on Turkish territory and to give up Turkish criminals, and that he should be told that our support is conditional on his carrying out these promises. The vali should in return promise that if he keeps his assurances his people and property on the Turkish side will remain unmolested, and express regret for the injury done to the sheikh's family.

[81862]

No. 440.

Sir Edward Grey to Mr. Marling.(No. 170.)
(Telegraphic.) P.*Foreign Office, May 25, 1910.*

SECURITY of roads in southern Persia.

With reference to your telegram No. 240 of to-day, we ought to do all we can to encourage the favourable disposition which the Persian Government are now displaying, and you are therefore right in abstaining from use of threat.

[18629]

No. 441.

Sir Edward Grey to Mr. Marling.(No. 171.)
(Telegraphic.) P.*Foreign Office, May 25, 1910.*

THE Anglo-Persian Oil Company, whom I have informed privately of the renewed application of the Persian Government to the two Powers for an advance, have instructed Mr. Preece by telegraph to suspend action regarding their proposed loan.

(See your telegram No. 241 of to-day).

[18551]

No. 442.

India Office to Foreign Office. —(Received May 25.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram to the Viceroy, dated the 12th May, relative to Turkish action in the vicinity of Mohammerah.

India Office, May 24, 1910.

Enclosure in No. 442.

Viscount Morley to Government of India.

(Telegraphic.) P.

India Office, May 12, 1910.

MOHAMMERAH. See your telegram dated the 7th May.

Instructions to make earnest representations to Turkish Government were sent on the 9th May to His Majesty's Ambassador at Constantinople. But telegram dated the 10th May has been received from the latter saying that, in view of reassuring accounts from His Majesty's Consul at Bussorah as to vali's attitude, he is postponing action.

[18634]

No. 443.

Foreign Office to Imperial Bank of Persia.

Sir,

Foreign Office, May 25, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 4th instant, relative to a request made by the Persian Government that the Imperial Bank of Persia will engage the services of an expert for the purchase of arms and ammunition on their behalf.

I am to state that the delay which has occurred in replying to the communication has been caused by the fact that His Majesty's Government felt obliged to inform the Russian Government that this request had been made, and to ask whether they had any objection to compliance with it, but that no definite reply to this request has yet been received.

I am to add, however, that Sir E. Grey has to-day instructed His Majesty's chargé d'affaires at St. Petersburg by telegraph to endeavour to obtain an answer from the Russian Government on the question without further delay.

I am, &c.

LOUIS MALLET.

[18642]

No. 444.

Sir F. Bertie to Sir Edward Grey. —(Received May 26.)

(No. 202.)

Sir,

Paris, May 25, 1910.

I HAVE the honour to acknowledge the receipt of your despatch No. 261 of the 19th instant, enclosing copy of a despatch from His Majesty's Minister at Tehran in regard to the seizure and release of Zil-es-Sultan's property at Ispahan, and instructing me to inform His Imperial Highness, after communicating with my Russian colleague, that His Majesty's Government see no sufficient reason to renew the assurances of protection formerly extended to him.

In the absence of the Russian Ambassador, I saw the Russian chargé d'affaires this morning and informed him of your instructions. He stated that he had not received any instructions on the subject, but that he would inform his Government of the directions given to me, and would ask that instructions might be sent to him.

I accordingly propose to defer making a communication to Zil-es-Sultan until I am informed of the reply received by the Russian chargé d'affaires.

I have, &c.

FRANCIS BERTIE.

[18701]

No. 445.

Messrs. W. A. Crump and Son to Foreign Office. —(Received May 26.)

Dear Sir,

17, Leadenhall Street, London, May 25, 1910.

WE enclose copy of a report which we have received from our clients with reference to Mr. J. Castelli's visit to the Caucasus to endeavour to identify the stolen carpets. We regret to say that Mr. Castelli's trip appears to have been entirely without result. We had previously heard from Mr. Castelli that, so far as he could ascertain, the Russian authorities had seized all the property in Rahim Khan's hands belonging

to Russian subjects, but they had taken no steps to protect the interests of anyone who was not a Russian subject.

This seems to be confirmed by the report which we now send you. Our clients' carpets, marked with their name, appear to have been sold quite openly, in some cases apparently to the Russian authorities themselves. Under the circumstances it would appear to be hopeless to expect any real assistance from the Russian authorities in recovering the goods.

The only course open to our clients is therefore to press for payment of their claim by the Persian Government.

Our clients feel very much aggrieved that the Russian authorities on the spot should have protected the interests of Russian subjects and have taken no steps, whatever to recover the property of British subjects, notwithstanding the representations which have been made to them; in fact, our clients suggest that the Russian authorities should be held responsible for the failure to seize the carpets. We have, however, advised them that this is not possible.

We shall be glad if you will transmit to the British Minister at Tehran the fact that Mr. Castelli's efforts to recover the carpets have proved entirely abortive, and bring pressure to bear on the Persian Government to pay the claim.

Our clients refer to the fact that Rahim Khan had land and property in Persia which has been seized by the Persian Government, and which should be made available for the payment of these claims.

Yours truly,

WILLIAM A. CRUMP AND SON.

Enclosure in No. 445.

Report.

I LEFT Tehran on the 8th April last furnished with an official letter from the Russian Minister to the Viceroy of the Caucasus. When handing in this letter, the Minister added the Caucasian authorities were against the steps the St. Petersburg authorities wanted to take, viz., seize the carpets from Rahim Khan who was a political refugee in Russia, and it was against their principles, but on the insistence of the British Embassy I was permitted to leave for Russia for the purpose of examining the said carpets.

On my arrival, I introduced myself to the Viceroy's assistant (an old friend of mine) who, in the absence of the Viceroy through illness, informed me of the Viceroy's objection to the carpets being inspected, but mentioned that the matter could possibly be arranged with the first secretary, who had full powers to act during the illness of the Viceroy. After a delay of five days, a letter was handed to me addressed to the Governor-General of the province of Elisabethpol, who is in charge of the villages and towns up to the Persian frontier. I presented this letter to the Governor-General of Elisabethpol, who immediately exchanged it for another letter addressed to the sub-Governor of Kariaghin. During my interview with the Governor-General of Elisabethpol, he told me that according to reports he had received from the frontier authorities, 163 carpets were seized, and I ought to provide myself with a seal with which to seal the said carpets in the presence of the police, after which they would be transported to Tiflis for identification. He also added that in handing his letter to the sub-Governor of Kariaghin, I should be informed as to the locality where the carpets could be inspected.

After a carriage drive of twenty-four hours I reached Kariaghin. The sub-governor was absent, but I saw his assistant, who noticing that the letter was marked "secret," declined in the first instance to open it. It was only after explaining the nature of the letter that he broke the seal and read it. He then stated to me there were no carpets in the village, that a large quantity of nice pieces (about 100 in all) had been sold, and that he himself was the purchaser of one carpet, which I was at liberty to examine, and which he was quite prepared to return for the price he had paid for it. He further informed me it was common knowledge that Rahim Khan had looted our carpets, part of which he had sold at Kariaghin, and part had been seized at Karadiz (a village 10 miles distant), but that no carpets would be found there. At the invitation of this official (assistant to the sub-Governor of Kariaghin) I accompanied him to his residence where I recognised one of our Kerman carpets, measuring 3.32 metres \times 2.54 metres, which exactly corresponded with our invoice measurement. We then proceeded to the

house of a merchant who had purchased goods amounting to about 400*l.*, and here I discovered a rug containing our own special designs which he had retained for his own use, the remainder of the carpets having been disposed of by him. I elicited from this aforesaid merchant that some 130 carpets and rugs had been sold at very low prices, most of which bore Persian inscriptions reading "Castelli Bros., New York"). We also visited the telegraph office, and all the clerks, without exception, stated they had bought of these carpets, which they described as beautiful pieces, and regretted their inability through want of funds, to purchase more extensively. I gathered from these officials that they were all perfectly aware the carpets belonged to us, and yet no opposition was raised to their sale from any quarter.

Having been furnished by the assistant to the sub-governor with a letter for the chief of the police of Karadiz, in which was enclosed the letter of the Governor-General of Elisabethpol, I proceeded on my journey. On my arrival at Karadiz I delivered the letter to the chief of police, who informed me there were no carpets at present in Karadiz, but that on the day previous to my arrival a lot of the value of about 800*l.* had been removed to Choucha, and as it was possible the vans may still be in that neighbourhood he immediately dispatched three Cossacks to go to the village where Rahim Khan's son was residing, whilst two other Cossacks he sent to another village, and proposed that I should accompany them. I replied that, according to reports he had himself furnished to the Governor-General of Elisabethpol, the goods had been seized, and it was my duty to search for them. He then answered that he had never received orders to seize the goods, but on the contrary he had reported to the sub-Governor of Kariaghin that they would sell the carpets, and the sub-governor had replied to the effect that he was not to mix himself up in Rahim Khan's affairs, and he had consequently allowed the goods to be taken away. I, however, reminded the chief of police that, according to the letter of the Governor-General of Elisabethpol, dated the 16th March, he was instructed to seize the carpets, and it was extraordinary on the 10th April he had not yet received the order. The fact is that the Cossacks returned to Karadiz stating that neither carpets nor vans could be found.

In the village of Karadiz, I learned from the villagers that fifty-three pieces, comprising carpets, rugs, and mats had been removed during the night from the house of a relative of Rahim Khan to another house, that four large carpets bearing our inscription in Persian characters had been bought by the general of the troops on the frontier, and that the other officials, knowing that the goods were looted, had quietly allowed the sale without raising a protest.

Tabreez, May 5, 1910.

[18756]

No. 446.

Mr. O'Beirne to Sir Edward Grey.—(Received May 26.)

(No. 161.)

(Telegraphic.) P.

St. Petersburg, May 26, 1910.

NEW joint communication to the Persian Government.

Please see my telegram No. 159 of the 24th instant.

M. Isvolsky told me to-day that it had now come to his knowledge that the written communication to the Persian Government previously agreed upon had already been made by the two representatives at Tehran. His Excellency had believed at the time of our last conversation on the subject that the communication had not at that moment been sent in. He thinks that the declarations of the German Secretary of State to Count de Salis are very reassuring (see Berlin telegram No. 33 of the 24th instant), but he observed that when the German Government knew of the joint communication made at Tehran they might change their attitude.

[18757]

No. 447.

Mr. O'Beirne to Sir Edward Grey.—(Received May 26.)

(No. 162.)

(Telegraphic.) P.

St. Petersburg, May 26, 1910.

SUPPLY of arms and ammunition to the Persian Government.

Please see your telegram No. 260 of the 25th instant.

M. Isvolsky, to whom I mentioned this matter to-day, merely observed that he was

[1722]

3 K

expecting to hear from the Russian Minister at Tehran; he held out no hopes of giving me an early answer. His Excellency asked some days ago (see Sir A. Nicolson's telegram No. 145 of the 12th instant) for particulars regarding the proposed purchase of arms through the Imperial Bank, and it might be useful if I were furnished with some such details.

I informed M. Isvolsky that the Persian Government had intimated to His Majesty's chargé d'affaires that the best way in which assistance could be given by His Majesty's Government towards establishing security on the southern roads would be by supplying arms and money (see Mr. Marling's telegram No. 240 of the 25th instant).

[18758]

No. 448.

Mr. O'Beirne to Sir Edward Grey.—(Received May 26.)

(No. 163.)

(Telegraphic.) P.

St. Petersburg, May 26, 1910.

PROPOSED advance to the Persian Government.

Your telegram No. 259 of the 25th instant.

At an interview which I had to-day with M. Isvolsky, I handed to his Excellency an *aide-mémoire* in the sense of your above-mentioned telegram. He remarked that before giving a reply he would be obliged to consult the Minister of Finance.

[18718]

No. 449.

Sir Edward Grey to Mr. O'Beirne.

(No. 268.)

(Telegraphic.) P.

Foreign Office, May 26, 1910.

THE suggestion of the Russian Minister for Foreign Affairs, contained in your telegram No. 159 of the 24th May, comes too late, as the reply was sent in on the 20th May, and you should so inform his Excellency.

It is useful to remember that the actual demand was made before the reception of the German protest, and that their reply is no more than an explanation.

I hope that the German Government, if they renew the discussion, will not fail to see that what has actually been done is not open to the objections which they originally brought forward.

The German Ambassador has, however, been instructed to abstain, for the present, from further discussion of the matter.

[19410]

No. 450.

Sir Edward Grey to Mr. O'Beirne.

(No. 159.)

Sir.

Foreign Office, May 26, 1910.

COUNT BENCKENDORFF came to see me to-day, and said that as the written communication had already been made at Tehran there was no necessity to discuss that point any more.

I then referred to the greatly improved attitude of the Persian Government, particularly towards M. Poklewski, of which Count Benckendorff was fully aware; and I suggested that it would be well to encourage this attitude of the Persian Government by showing that their friendly attitude would meet with a ready response. I should be prepared to give them a small loan without reviving any of the conditions, if we were sure that it would be properly spent.

I then told Count Benckendorff of my conversation with Samad Khan, the Special Persian Ambassador for the funeral ceremonies. Samad Khan had urged that it had been a mistake to try to impose as conditions things to which the Persian Government were quite willing to agree, but which became impossible when put into the form of conditions which would have to be ratified by the Medjliss. In short, Samad Khan had asked for confidence without conditions.

He had assured me that there was no question of appealing to Germany against Russia and England, and he had expressed the opinion that the Anglo-Russian Agreement ought to be favourable to Persia.

I had replied that the agreement was a security for Persia. Had there been no

agreement, Persia would have been crushed by the struggle between Russia and England. I had also told Samad Khan that I thought the Persians had made a mistake, after the deposition of the Shah, in not at once making Russia feel sure that her position in the north of Persia would not be prejudiced by the constitutional régime.

Samad Khan said that the *coup d'état* of Colonel Liakhoff in the time of M. Hartwig had created an impression in Persia that Russia was not favourable to the constitutional régime.

I observed that both Colonel Liakhoff and M. Hartwig were no longer in Tehran. The Russians had previously taken great pains to cultivate friendship with the late Shah and to support him, but nevertheless, although they actually had troops at Tabreez, they had stood by and taken no step to prevent his deposition. This ought to have been a guarantee to the Persians that Russia was not hostile to the constitutional régime.

Count Benckendorff remarked that the language of Samad Khan was all the more satisfactory, as it coincided with the favourable change of attitude on the part of the Persian Government.

I am, &c.

E. GREY.

[18849]

No. 451.

Sir J. F. L. Rolleston, M.P., to Sir Edward Grey.—(Received May 27.)

Sir,

2, Waterloo Place, London, May 25, 1910.

I HAVE the honour to forward a letter addressed to you by Mr. Joseph Woolf relating to matters which have been for some time past before the Foreign Office.

On behalf of Mr. Woolf I beg to ask for your kind attention to the subject of the letter which I now enclose.

I have, &c.

J. F. L. ROLLESTON.

Enclosure in No. 451.

Mr. J. Woolf to Sir Edward Grey.

(Private and Confidential.)

Marlborough Chambers, Jermyn Street,

Sir,

London, May 25, 1910.

I HAVE previously to this had the honour to make several communications to the Foreign Office, but without any very successful result. I now have the honour of laying this communication before you as head of the corps diplomatique anglais, this body being the channel of communication with all foreign Powers; the ultimate results of such communications are attained by the practical application of British individual enterprise and commerce.

It seems to me that the existing opposition or apparent opposition with which my proposals and suggestions have met can only have arisen by failure to understand their exact aim and ultimate purpose, the aim and object of which are to revive British prestige in Persia, and to enable British trade and commerce to successfully compete with that of other Powers establishing the same in a supreme position.

The chief competitor is Russia, but without in any way prejudicing our friendly relations, I am sure that it will be possible to take such steps, although Russia may strongly oppose them, her efforts having in past years been exerted to cripple British trade, of which the annulment of article 59 of the Treaty of Berlin so far as it relates thereto, and the Russo-Persian Convention of 1901, whereby the Persian Customs tariffs were revised in favour of Russia, are only two striking examples among many such incidents.

The present position of Persia is such as to enable the aims, desires, and objectives of Russia to be accomplished most easily; in fact, the advancement of this Power is almost overlooked and ignored by us, and proposals that would counteract such advancement are diplomatically opposed.

Russia has her influence in the north, including the capital of the country. She protects and stimulates her trade, and furthermore the northern trade routes by which

her trade is carried are more under the control and influence of the Persian Government than the southern trade routes.

As long as the present state of affairs is maintained, namely, that the Persian Government is just able to carry on the affairs of the nation, and is constantly harassed by representations that prevent it from devoting its time to the internal reorganisation of the country, so long will British trade and prestige continue to decrease to the advantage and gain of Russia.

It therefore follows that Russia has nothing to gain, but much to lose by the Persian Government being firmly established on a sound financial basis, which would enable her to take those steps which are necessary for the suppression of any brigandage there may be on the southern trade routes.

The Persian Government is not alone responsible for these results, but it is partly, I may say solely due to the British diplomatic policy adopted in Persia, the history of which in recent years has been a succession of results that have lowered the British nation in the eyes of the whole Mahomedan race, a large portion of which we already govern and by which race Persia is looked upon as their redeeming country. At the same time the said policy has formed a barrier to British advancement and trade, affording protection to others against British competition, allowing other competitors almost to monopolise the trade and prestige in the country.

I ask is there no one for the sake of the Empire whose honour and progress they have in their keeping who will put their shoulder to the wheel for the advancement of a practical issue instead of their back against a wall which prevents our advancement and covers that of others?

It is surprising the indifference with which Russia's advance in Northern Persia is looked upon in comparison with the absolute standstill I might say, decline in the south, by Great Britain, I am told "it is to be expected." I submit we ought to do everything in our power to arrest or counteract this state of affairs. And in dealing with Russia in this matter, while always maintaining our friendly relations, still keep well in view the aims and objectives Russia has had for the last 100 years.

The programme I propose should be carried out would place Great Britain and British interests in a supreme position and gain the gratitude and loyal support of the entire Persian nation, at the same time attaining the object of the Anglo-Russian Convention of 1903, namely, the absolute independence and integrity of Persia, thereby making that country a "buffer" State to India.

It is regrettable that the delays which have already occurred have taken place for had it not been made impossible to carry out these ideas three months ago, all complications, if any, with Germany would have been avoided, as negotiations were in such a position that the Persian Government would not have considered or listened to any suggestions from that quarter, rendering it useless for any other representative to investigate and consider the economic and commercial development of Persia.

It now remains for the British nation to support such schemes as will accomplish this end, or the history of 1898 to 1903 will be repeated with still more disastrous results.

I humbly suggest that with proper support diplomatically given, the aims and objects I have had the honour of submitting to you confidentially can be attained and in the end when it is a *fait accompli* will strengthen our friendly relations with the other Powers. Delay is dangerous, even a day's delay. I anxiously await your reply.

I have, &c.

JOSEPH WOOLF.

[18881]

No. 452.

Imperial Bank of Persia to Foreign Office.—(Received May 27.)

Sir,

25, Abchurch Lane, London, May 27, 1910.

I HAVE the honour to forward, for your information, translation of a telegram received this morning from the chief manager of the bank in Tehran, and also a translation of the reply dispatched to Tehran.

The board feel very strongly that a great effort ought to be made to get these old outstanding debts settled.

I have, &c.

G. NEWELL, Manager.

Enclosure 1 in No. 452.

Imperial Bank of Persia, Tehran, to Imperial Bank of Persia, London.

(Translation.)
(Telegraphic.)

Tehran, May 27, 1910.

CONSOLIDATION agreement signed.

Enclosure 2 in No. 452.

Imperial Bank of Persia, London, to Imperial Bank of Persia, Tehran.

(Translation.)
(Telegraphic.)

London, May 27, 1910.

CONGRATULATE Rogers on signing of agreement. Hope all pressure will be exercised by bank, assisted by legation, to effect liquidation of long outstanding debts.

[18761]

No. 453.

Mr. Marling to Sir Edward Grey.—(Received May 27.)

(No. 242.)

(Telegraphic.) R.

Tehran, May 27, 1910.

YOUR telegram No. 165 [of 25th May: Turkey and Sheikh of Mohammerah]. I entirely agree, and have instructed His Majesty's representative at Bushire accordingly.

[18053]

No. 454.

Sir Edward Grey to Mr. O'Beirne.

(No. 159 A.)

Sir,

Foreign Office, May 27, 1910.

I TRANSMIT to you herewith copy of a letter from Messrs. Lawrance, Webster, Messer, and Nicholls, solicitors,* applying for my assistance in connection with a project under consideration by clients of theirs for the formation of a British company to take over the interest of a certain Baron de Luzsenszky, of Budapest, in a contract for the purchase of growing timber on the southern coast of the Caspian Sea, in Persian territory, with a view to export it to Europe.

You will observe that in this case, though the district in which the timber lies is in the Russian sphere of influence under the terms of the Anglo-Russian arrangement concerning Persia, there is no question of supporting a demand for a concession in favour of a British subject, and the transaction cannot therefore be held to be barred by article 1 of that instrument.

It would appear to follow that, strictly speaking, His Majesty's Government are under no obligation to ask the consent of the Russian Government to the proposed transaction, and that the latter, on their part, have no valid ground of objection to it.

If, however, the enquiries made by the applicants were at once referred to His Majesty's legation at Tehran, and, the answers being found satisfactory, the arrangement were concluded without the knowledge of the Russian Government, the latter, on learning the facts, might raise objections, and a complicated and embarrassing situation be produced.

It therefore appears preferable to guard against such a contingency by laying the case before the Russian Government at once, with a view to ascertain whether they have any objection to offer to the scheme.

I have accordingly to request you to take the necessary steps to bring the matter to the notice of the Russian Minister for Foreign Affairs, and, in doing so, to express to his Excellency the hope that, as the transaction is not one of the nature forbidden by article 1 of the arrangement referred to, they will raise no objection to it.

It will be within your recollection that in the only similar case which has arisen

* No. 397.

since the signature of the arrangement—that of the proposed participation of Mr. Stevens in the scheme for the navigation of Lake Urumia—the Russian Government, when consulted, refused their consent to the project.

You will notice that the representations of the British subjects interested must be sent to the spot before the 14th July, so that all necessary information must be in their possession before that date. As this information can only be obtained by enquiry through His Majesty's legation at Tehran its acquisition will necessarily require some time, and it is therefore of importance that the Russian Government should express their views on the subject with the least possible delay.

I am, &c.
E. GREY.

[18296]

No. 455.

Foreign Office to India Office.

Sir,

Foreign Office, May 27, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 19th instant relative to the dispute between the Sheikh of Mohammerah and the vali of Bussorah.

Viscount Morley will have perceived from a perusal of the copies of telegraphic correspondence between this Office and His Majesty's representatives at Constantinople and Tehran which have been forwarded to your department that the view taken of this case by His Majesty's consul-general at Bushire is diametrically opposed to that adopted by His Majesty's consul at Bussorah: the former being convinced that the sheikh is the injured party, while the latter is persuaded that the vali is in the right.

It appears to Sir E. Grey that, as in these circumstances it is impossible to form a correct judgment of the merits of the case, it is more than ever desirable to avoid making representations at Constantinople and essential that the question should be settled locally, and I am to transmit to you herewith copies of telegrams which he has dispatched to Mr. Marling and Sir G. Lowther with a view to bring about a meeting between Major Cox and Mr. Crow for the purpose of discussing the difficulty and endeavouring to find a solution of it acceptable to both disputants.*

A copy of a despatch from Sir G. Lowther forwarding a report from Mr. Crow which deals with an earlier stage of the question is also enclosed.†

[18053]

No. 456.

Foreign Office to Messrs. Laverance, Webster, Messer, and Nicholls.

Gentlemen,

Foreign Office, May 27, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 19th instant, applying for his assistance in connection with a project under consideration by clients of yours for the formation of a British company to take over the interest of Baron de Luzsenszky, of Budapest, in a contract for the purchase of growing timber on the southern shore of the Caspian Sea, in Persian territory, with a view to export it to Europe.

I am to inform you, in reply, that, as it is very desirable to obtain the consent of the Russian Government to the execution of this scheme before your clients proceed further with their negotiations, in order to exclude the possibility of objections being raised to the transaction after its conclusion, a copy of your letter will be forwarded to His Majesty's chargé d'affaires at St. Petersburg, with instructions to bring the matter to the notice of the Russian Minister for Foreign Affairs, and to express the hope that it will meet with favourable consideration.

Should the reply of the Russian Government be satisfactory, His Majesty's chargé d'affaires will at once receive instructions to furnish information on the various points respecting which you enquire in your letter.

I am, &c.
LOUIS MALLET.

* Nos. 455 and 458.

† No. 417.

[18937]

No. 457.

Consul-General Cox to Sir Edward Grey.—(Received May 28.)

(No. 1. Confidential.)

Sir,

Bushire, May 8, 1910.

IN order that such details as are available at present may be in your hands without avoidable delay, I have the honour to submit to you a copy of a communication, with enclosures, dated the 8th May, 1910, which I am forwarding via London to His Majesty's chargé d'affaires in Tehran, bearing on the telegraphic correspondence now passing anent the difference between the Turkish authorities at Bussorah and the Sheikh of Mohammerah.

I have, &c.

P. Z. COX, *Lieutenant-Colonel, British Resident in the Persian Gulf, and His Britannic Majesty's Consul-General for Fars, &c.*

Enclosure 1 in No. 457.

Consul-General Cox to Mr. Marling.

(No. 24. Confidential.)

Sir,

Bushire, May 8, 1910.

IN amplification of the telegraphic correspondence now passing between us in connection with the differences which have arisen between the Turkish authorities at Bussorah and the Sheikh of Mohammerah, I have the honour to enclose, for your information, copies of further correspondence in regard thereto.

I am at the same time forwarding copies to His Majesty's Foreign Office, London, and the Government of India.

I have, &c.

P. Z. COX, *Lieutenant-Colonel.*

Enclosure 2 in No. 457.

Acting Consul Wilson to Consul-General Cox.

(No. 412.)

Sir,

Mohammerah, April 27, 1910.

I HAVE the honour to forward copies of correspondence on the subject of the Sheikh of Mohammerah and the vali of Bussorah in connection with the action of the latter in burning a village belonging to a headman of the sheikh in Turkish territory.

2. I have sent paraphrases of my telegrams Nos. 404 and 405, because, owing to the unreliability of the Persian telegraph line, I cannot be certain that they have reached you.

I have, &c.

A. T. WILSON, *Lieutenant, I.A.*

Enclosure 3 in No. 457.

Consul Crow to Sir G. Lowther.

(No. 22.)

Sir,

Bussorah, April 23, 1910.

AS a result of the good understanding between the vali of Bussorah and Sheikh Khazal of Mohammerah, the latter some three months ago promised to aid the Turkish authorities to preserve the peace in this vilayet and to hand over criminals from Turkish territory who sought refuge in the sheikh's domains. Khazal also undertook not to let disturbers of the peace cross the river to Turkey. Last month robbers attacked a house at Manawi, a village close to this consulate. It was reported to the authorities that one of the servants was a servant of Mirza Hamza, the sheikh's agent at Bussorah, that he had fled to Mohammerah, and that the sheikh declined to give him up. On the 2nd April Kassim Chelmeran, proprietor of the local newspaper

"Idhar-el-Haq" was killed by his labourers at Ajariwieh, a few miles below this consulate, on the opposite side of the river, in Turkish territory, and the murderers sought refuge at Mohammerah. These people were not handed over to the Turkish authorities. Besides this, it is reported that there are many criminals fugitives from justice at Mohammerah, and when Sheikh Khazal is asked to give them up he denies their presence there. We had similar grounds of complaint against the authorities at Mohammerah in connection with the Maghil case and the murder of Mr. Glanville in 1906, as your Excellency will see from the correspondence on the subject. Last month Muhammad Bey-al-Meshri applied to the Turkish authorities in the usual way to remove certain fellah from his property at Dowasir. The authorities tried to carry out the orders given for their removal but without success, and the trespassers were supported in their opposition to the local authorities by one Muhammad-al-Chanan, who, with the followers, lives at Zain, on Turkish territory. The vali sent the Tabur Agassi, with fifteen gendarmes, to arrest Muhammad-al-Chanan. This they were not able to do, and were informed, in answer to their demands, that all the people there belonged to Sheikh Khazal and were unable to come to Bussorah, and if the arrest were insisted on, the agent of Muhammad Bey-al-Mishri at Dowasir would be killed in the same manner as Kassim Chelmeran. The Tabur Agassi returned to Bussorah and informed the vali accordingly. Muhammad-al-Chanan seems to have applied to Sheikh Khazal for protection, and when the latter was requested by the vali to hand Chanan over, as he was an Ottoman subject residing on Turkish territory, the sheikh refused to do so, contending that the man belonged to him. On the 18th April, however, Sheikh Khazal brought up Muhammad Chanan with him in his yacht as a guest to Bussorah, and wished to call on the vali with him to discuss the affair, but the vali refused to see either Khazal or Chanan, and demanded that the latter should be handed over in the usual way, and if this were done he would be pleased to receive the sheikh. Sheikh Khazal then returned to Mohammerah with his guest, and relations with Bussorah are somewhat strained in consequence. Mirza Hamza left shortly after for Mohammerah.

In conversation with me the vali said he had no intention of giving way in the matter, and if the sheikh did not concede his demands he would send the "Marmaris" to Zain, which is Turkish territory, to demonstrate and if necessary punish Chanan and his retainers for their resistance to his demands.

The vali said he had some opportunity of studying Sheikh Khazal and thoroughly distrusted him. His influence was great as a landowner and a tribal chief on the Turkish side of the river, and he thought that most of the mughtars of the village from Abul-Khasib down were in his pay or pledged to his interests.

He attributed all the river troubles from Bussorah to Fao to his sinister influence, and has as a precaution changed or was changing all the local headmen who were under the sheikh's influence, and was putting his own men. He said the Government had now means at its disposal of showing strength and he meant to take strong action.

I have, &c.

F. E. CROW.

Copy of the foregoing despatch forwarded to His Majesty's acting consul at Mohammerah, with the compliments of the undersigned.

F. E. CROW, *His Majesty's Consul.*

Bussorah, April 23, 1910.

Enclosure 4 in No. 457.

Acting Consul Wilson to Consul Crow.

(Confidential.)

My dear Crow,

Mohammerah, April 24, 1910.

I HAVE to thank you for sending me a copy of your No. 22 to Constantinople on the subject of the Sheikh of Mohammerah and the vali.

I am sending a copy to the resident in Bushire, and have little doubt that the latter will mention the matter to the sheikh when he comes up here, as is expected shortly.

As regards the vali's claim to jurisdiction over Muhammad Chanan, I ought to point out that he is the chief of one of the principal tribes of the Sheikh of Mohammerah, from whom the latter derives much of his strength, influence, and revenue. He is, I

believe, undoubtedly a Persian subject, born and bred in Persia, and only transferred to his present abode within the last decade, after a chequered career in other parts of Arabistan. I am obtaining more definite information on the subject.

For the sheikh to hand over such a man to the Turkish authorities is unprecedented, and difficult in the extreme and you could perhaps suggest this point to the vali, if opportunity offers; it is not a case of surrendering an ordinary malefactor, but a headman of the most powerful tribe in the district of Mohammerah.

Haji Athbi is another important tribal leader domiciled in Turkey in Umm-ur-Rassas, but undoubtedly in my belief a Persian subject, as he has only recently moved there, with most of his men, and in any case he and his tribe have always been recognised as Persian subjects, and have always fought for the sheikh in his wars.

For the precise position of the houses of the two men please see my map of the Shatt-el-Arab, sent to you in December.

I understand that Persia and Turkey have their own arrangements regarding jurisdiction and extradition, but whether this is the case or not, I venture to think that the vali would do well to recognise that the case of Muhammad Chanan is not on all fours with other cases of extradition of criminals, in which he has had reason to complain. This, of course, with no prejudice to the rights and wrongs of the general question.

Muhammad Chanan and Haji Athbi are members of the tribal council which meets at Failieh, and were amongst the eight tribal leaders who signed the agreement between the sheikh and the oil company, with reference to the land required for refinery and pipe line.

I hope to come to Bussorah next Sunday and will discuss this question with you personally.

Yours sincerely,

A. T. WILSON.

Enclosure 5 in No. 457.

Acting Consul Wilson to Consul Crow.

My dear Crow,

Mohammerah, April 26, 1910.

PLEASE refer to my D.O. of the 24th instant on the subject of the Sheikh of Mohammerah and the vali of Bussorah.

I left Bussorah at midday on the 25th, and at 1:30 P.M. passed the "Marmaris," which was returning to Bussorah. On my return to Mohammerah I learnt that at about midday the village of Muhammad Chanan, in Zain (Turkish territory), opposite Mohammerah, had been burnt and looted by Turkish soldiers, and that ten shots had been fired from the ship's guns.

I saw Mirza Hamza and urged him to keep people quiet, and then went with Haji Mushir, son of Haji Reis, to view the damage and ascertain the real facts.

It appears that about forty Turkish soldiers were sent by land and an equal number by river to Muhammad Chanan's village, which they looted and burnt to the number of about sixty huts, some of which were quite unconnected with Muhammad Chanan.

They did as much wanton damage as they could, burning planks, bellans, doors, &c. They then retired, and shortly afterwards the gun-boat opened fire, smashing down several date trees and doing some damage to the house, not of Muhammad Chanan, but of Haji Gulfidan, wife of the late Sheikh Haji Jabir, and mother of the present sheikh.

I surmise—with what accuracy I cannot say—that the gun-boat intended to fire on Muhammad Chanan's house, but missed it and hit the house of the old lady, which is in the line of fire. His Excellency Sheikh Khazal is now in Ahwaz, but will, I expect, shortly return.

I have wired to Colonel Cox giving him a brief account of what occurred.

Mirza Hamza tells me that on the 25th soldiers from the "Marmaris" demanded the persons of Muhammad Chanan, Haji Athbi, and Barak-bin-Nafta, brother of Haji Arak. The second-named is head of the Umm-ur-Rassas tribe, which is tributary to the sheikh. The third-named is brother of another headman, and has always lived and had business exclusively on Persian soil. All three are, in my opinion, Persian subjects.

Failing to get possession of these men, they yesterday imprisoned Matuk-bin-Nafta, brother of Barak, and his son, who are also, I believe, indisputably Persian subjects.

[1722]

3 M

I will defer for the present troubling you with an expression of view as to the political or legal aspect of the case. All I would remark is that the vali's action seems to me to be unjustifiable and high-handed, and not calculated to further the peace of the district, unless he is prepared to reinforce his present armaments.

I am sending a copy of this letter to Bushire.

Yours sincerely,
A. T. WILSON.

Enclosure 6 in No. 457.

Acting Consul Wilson to Consul-General Cox.

(No. 404.)

(Telegraphic.) P.

SHEIKH and vali of Bussorah.

Mohammerah, April 25, 1910.

Turkish gun-boat "Marmaris" to-day shelled and burnt village of Muhammad Chanan, opposite Mohammerah, in Turkish territory, the property of Sheikh of Mohammerah. Damage done about 600L.

Vali of Bussorah did this, I am told, under orders from Constantinople, as a punishment to the owner of the village, who is head of one of the largest tribes of the sheikh, because he refused to allow himself to be arrested by the vali's men, being a Persian subject, according to his own statement, which is, I believe, correct under international law, and in any case, as head of Persian tribe, he has always been recognised as such.

No definite proof of misdoing has been adduced against him by vali, who acted on hearsay, and would not allow Sardar Arfa to intervene.

Moreover, gun-boat has captured and imprisoned an important leader of sheikh's tribes for no known reason, and man is undoubtedly a Persian. Sheikh now in Ahwaz, but will, I expect, come back. I have not left Mohammerah. Incident has caused great excitement, and reprisals are probable. I have begged local authorities to keep quiet. I am going to Bussorah this evening to see His Majesty's consul at that port. Full details by mail.

Telephone message posted the 27th April, 1910, to Wilson:—

"Your telegram No. 404 received. I await result of your consultation with Crow.—Cox."

Enclosure 7 in No. 457.

Acting Consul Wilson to Consul-General Cox.

(No. 405.)

(Telegraphic.) P.

MY telegram No. 404.

Mohammerah, April 26, 1910.

Sheikh has wired to Mirza Hamza, his Bussorah agent now in charge of Mohammerah, telling him that he is to act strictly in accordance with whatever advice I give him, and also asked if it was desirable for him to leave Nasiri or not.

I have advised the sheikh not to leave Ahwaz for the present, as his hasty arrival will cause comment and show that he is afraid of the actions of the vali.

As regards settlement between the sheikh and the vali, I have advised the sheikh's agent to go to Bussorah shortly and interview the vali. To say that the whole question of the vali's action in burning the village turns on whether Muhammad Chanan is a Persian or a Turkish subject. If the former, the vali is not justified; if the latter, he is.

He should suggest that the question of the nationality of Muhammad Chanan should be referred to some impartial and skilled person such as His Majesty's consul at Bussorah, so as to obtain an independent verdict.

He should do nothing to give the Turks an excuse for further aggressive action, and should be conciliatory. He should consult His Majesty's consul at Bussorah before acting. His Majesty's consul at Bussorah reports that Turks are shortly bringing out two more gun-boats.

(Copy by post to Bussorah.)

Enclosure 8 in No. 457.

Acting Consul Wilson to Consul-General Cox.

(No. 423.)

Sir,

Mohammerah, April 30, 1910.

I HAVE the honour to forward copies of correspondence on the subject of the action of the Turks *vis-à-vis* the Sheikh of Mohammerah, in continuation of my letter of the 27th April, 1910.

2. I beg to offer the following comments on Mr. Crow's despatch No. 46 of the 27th April.

3. The evidence that is available here tends to show that Muhammad Chanan is, according to international law, a Persian subject.

4. Although it is no doubt true that the Turks have not been able to exact redress in the past, it is equally true for the same reason, they have been wholly unable to keep order on their side of the river and in Bussorah, and the sheikh has had frequent cause to complain of this. It has always been a convenient excuse for the Turkish subordinate officials to report that the criminal in question had fled to Mohammerah; it is known that facilities for so doing were not infrequently afforded them by the said officials.

5. The question of the frontier, so far as it affects Failieh, raised by the vali, is dealt with in my letter to you No. 255 of the 12th March, 1910.

6. Minawi and Ajariwieh (mentioned in His Majesty's consul's, Bussorah, despatch No. 22 of the 23rd April) are in Turkish territory, close to Bussorah, and there is not, I believe, the slightest evidence beyond the interested assertions of the Bussorah police to show that the crimes there are in any way connected with Mohammerah. Mirza Hamza assures me most definitely that the murderer is at present in Turkish territory in Diaji, and that the Bussorah police are afraid to apprehend them.

7. The case of Mohamed Mishri, also mentioned in the despatch above quoted, has another aspect. The removal of "fellahs in the usual way" is a euphemism for an attempt on the part of the Turks to oust the tenants of certain lands (alleged to be Persian subjects) without reference to the Turkish courts of law, in favour of the Turkish owner. It is not stated who gave the message to the Tabur Agassi that Mishri would be killed in the same way as Chelmeran, if the arrest of Muhammad Chanan were insisted on. It is strenuously denied here, and seems inherently improbable that Muhammad Chanan, or his men, would have been so foolish to utter such a threat to fifteen armed gendarmes on Turkish soil. The story is not unlikely to be a fabrication on the part of Turkish subordinate officials with the object of causing trouble between the sheikh and the vali.

8. The vali demands that Muhammad Chanan be handed over, and his refusal to even discuss the matter with Sheikh Khazal seems to be arbitrary and unjustifiable. As headman and hereditary leader of one of the sheikh's tribes, it is impossible for the sheikh to hand him over to the vali without incurring the hostility of a powerful section of the tribes who uphold him.

I have, &c.

A. T. WILSON, Lieutenant, I.A.

Enclosure 9 in No. 457.

Consul Crow to Acting Consul Wilson.

(No. 46.)

My dear Wilson,

Bussorah, April 27, 1910.

I HAVE your letter of this evening. A list of about twenty-five people was sent to the sheikh, giving names of persons wanted for various matters connected with trouble on the river in Turkey.

The vali could not tell me anything against Haji Athbi, and did not seem to know the name, but said that the cases of the persons asked for would be dealt with judicially if surrendered. I told him it might be extremely difficult for the sheikh, as an Arab, to surrender either Chanan or Athbi, who were chiefs of some of his most powerful tribes, as such a surrender would be contrary to Arab customs and tribal rules. The vali said Chanan was an Ottoman subject resident in Turkey, and even if he were not an Ottoman subject he was concerned in past troubles on the river. The Turks hitherto had not been able to exact redress, but that time was over. The sheikh in years past had frequently been asked to restrain his adherents from disturbing the

peace of the vilayet. He had not done so. As he protected these people and refused to surrender them, the vali said he had no choice in the latter [*sic*] but to take his own measures.

My impression is that the vali is acting on instructions from Constantinople, and I hear that he wired after refusing the sheikh when the latter brought up Chanan to Bussorah. I do not think anything fresh is contemplated at present, unless the sheikh gives cause by raising his tribes and creating trouble. In that case the Turks might move against Failieh or destroy some of the sheikh's property in Bussorah. I notice that they pulled down part of a new house which the sheikh is erecting on the Asshar Creek, near the bridge, but they did not do much damage, and the proceedings were stopped, I hear, by the vali in person. At the same time they pulled down part of Khaderi's new house (unfinished) a little lower down, but I do not attach much importance to these incidents. The vali spontaneously told me that the sheikh's house at Failieh, which he called "Persian yildiz," was, strictly speaking, situated in Turkey, according to the line of demarcation laid down by the commission. He seems to have learnt this from Constantinople. The Turkish officials are childishly exultant over the Zain affairs, and matter must rest awhile till they are cooler.

There have been no troubles on the river, as far as I know, except the recent affairs at Ajariwieh and Minawai and Chibasi, but, according to my reports to the embassy, there is a heavy cumulative record against Mohammerah from September 1908 to the 31st March, 1909, and most of the offenders were traceable to your district. Apart from this, I have in previous years repeatedly called the attention of our Government to the attitude of the sheikh in regard to river troubles generally, and to disturbances in Bussorah in particular. On one occasion during the hunt for Glanville's murderers in 1906 and 1907 representations were made at my instance to the sheikh through Tehran. To the best of my recollection the sheikh took the matter lightly. My efforts to get the sheikh to co-operate with the Turks and aid them to suppress lawlessness have been unavailing. The day of reckoning seems to have come, and I think it is high time the Turks took up the matter themselves. Their action may be arbitrary, but if they have the force to carry it through—and I shall ask the embassy to press for supply of proper means—it will, I am sure, in the end be salutary as far as this vilayet is concerned.

Yours sincerely,
F. E. CROW.

Enclosure 10 in No. 457.

Acting Consul Wilson to Consul-General Cox.

My dear Colonel Cox,

Mohammerah, April 30, 1910.

IN continuation of my letter No. 423 of even date, I enclose a copy of a demi-official letter which I have just received from His Majesty's consul, Bussorah, on the subject of the trouble between the Sheikh of Mohammerah and the vali and my reply. The departure of the vali to Bagdad is very fortunate and will minimise the likelihood of any further troubles in the immediate future. The sheikh has assured me, through Mirza Hamza, that he will take no measures of any kind which might be treated as reprisals; this is in accordance with the advice I gave him in the first instance.

Mr. Crow's letter, enclosed, refers to an interview that he had with Haji Mushir, son of Haji Reis, at my suggestion. I did not, however, at any time mention the question of guarantee for the sheikh's Bussorah property and quite agree with Crow that he should get it through the Persian Embassy or else from the vali.

I am probably going off to Khor Kuwairin to finish some more of the survey on Sunday next, returning in time for the mail.

Yours sincerely,
A. T. WILSON.

Enclosure 11 in No. 457.

Consul Crow to Acting Consul Wilson.

My dear Wilson,

Bussorah, April 28, 1910.

I TOLD Mushir that I would write privately to the vali and ask him to protect Mirza Hamza's wife and family, but I thought under the circumstances they would be

better away from here. I do not think the vali is at all likely to do them harm; but I cannot answer for developments and they might be exposed to annoyance and supervision. As regards Persian property in Bussorah, I would advise the sheikh to get his guarantee through the Persian Embassy; the difficulty will probably be discussed between them and the Porte, and any local promise I might give would be easily over-ruled.

Mushir said he agreed they would be better away and my letter was not required.

The question, I think, turns on reprisals as regards further damage being done. The vali leaves on Saturday for Bagdad and will be away a month with Nazim Pasha.

Yours sincerely,
F. E. CROW.

Enclosure 12 in No. 457.

Acting Consul Wilson to Consul Crow.

My dear Crow,

Mohammerah, April 30, 1910.

YOUR letter of the 28th received the 29th.

I am sorry that Haji Mushir did not consent to your writing to the vali privately and asking him to look after Mirza Hamza's family, and so is Mirza Hamza. The latter points out, and I agree with him from my point of view, that for him to take away his family from Bussorah now would give rise to much comment and tend to magnify instead of minimising recent occurrences. Turks, I suppose, are much the same as Persians and other Orientals in that they become dangerous and bold only when they see the enemy is afraid. I think that if Mirza Hamza's family were to be withdrawn, it would be interpreted as a sign of fear.

I understand that he is strongly of this opinion that he is not going to take his family away. I hope, therefore, that you will do what you can for him. He has been a good friend to us and may still be so in the future. I hear that the Turks have burnt another village—Rumailah, on an island between the top end of Umm-el-Khassasif and the mainland opposite Failieh—but I have no information. (I am off for a four days' trip to the mouth of Bahmanshir to do some more surveying before it gets too hot.)

Yours sincerely,
A. T. WILSON.

[18938]

No. 458.

Consul-General Cox to Sir Edward Grey.—(Received May 28.)

(No. 2. Confidential.)

Sir,

Bushire, May 8, 1910.

I HAVE the honour to submit, for your information, a copy of a despatch, with enclosures, which I have addressed to His Majesty's chargé d'affaires at Tehran on the subject of the Turco-Persian boundary on the Shatt-el-Arab.

I have ventured to forward the papers direct in case, as seems possible, the question may come into prominence in connection with the current dispute between the Vali of Bussorah and the Sheikh of Mohammerah which is before Government.

I have, &c.

P. Z. COX, Lieutenant-Colonel,
British Resident in the Persian Gulf.

Enclosure 1 in No. 458.

Consul-General Cox to Mr. Marling.

(Confidential.)

Sir,

Bushire, May 8, 1910.

I HAVE the honour to refer to Sir George Barclay's despatch No. 20, dated the 6th December, 1909, to my address, communicating the views of His Majesty's Government on certain aspects of the question of the Turco-Persian boundary in the neighbourhood of the Shatt-el-Arab.

[1722]

3 N

His Majesty's acting consul, Mohammerah, submits a further representation, in which, now that he knows for certain which is the documentary boundary suggested by the mediating commissioners in 1850, he urges two additional grounds for the suggestion that, if it is by any means possible, Great Britain should seek arguments which will enable her to disregard the "recommendations" of the mediating commissioners and support an adherence to the boundary line actually recognised by the local authorities on the spot for years past.

These two grounds are:—

1. That the mediating commissioners' paper line is found on examination to throw the sheikh's personal residence, court-house, &c., at Failieh, and the head of an important creek into Turkish limits.

2. That whereas the centre of the fairway used by the steamers is the dividing line universally recognised in practice for many years past, the commissioners' line gives the Porte the whole channel, including two important islands now Persian territory.

These considerations are, I submit, of sufficient liveliness and cogency to warrant my submitting the question to you again, in the hope that the position will be reconsidered, and that His Majesty's Government will perhaps see their way, by arrangement with Russia or other means, to support the existing order of things in the event of the question coming into lively issue.

I of course quite realise that it is greatly to the interests of Persia and ourselves that it should not be so raised, and that the present boundary as now practically recognised should rather inure by passage of time. Recent events, however, clearly demonstrate the expediency of our knowing definitely, in advance, as far as possible what attitude we can adopt in case we are obliged by force of circumstances to make a declaration on the subject.

Lieutenant Wilson's paragraphs speak sufficiently for themselves, and I do not think I need add comment, except to say that I generally endorse his remarks. I may mention, however, that I do not quite follow him in paragraph 8 of his letter, and that the page of Mr. Alwyn Parker's memorandum to which he alludes therein refers to a Government of India print. The passage in question will be found in paragraph 6, p. 8, of Foreign Office print, Confidential 8800, dated December 1906.

I should explain, in conclusion, that although the Acting Consul's letter is dated the 12th March, and was awaiting me on return to Bushire from leave on the 31st March, Lieutenant Wilson, after discussing the map with me personally a few days later, asked permission to modify one or two passages. His amended letter did not reach me till the latter part of April, and I had not been able to study it up to the moment when the sudden quarrel between the Vali of Bussorah and the Sheikh of Mohammerah supervened, and, curiously enough, threatened to involve this question.

I have, &c.

P. Z. COX, *Lieutenant-Colonel,*
British Resident in the Persian Gulf.

Enclosure 2 in No. 458.

Lieutenant Wilson to Consul-General Cox.

I HAVE the honour to refer to the correspondence on the subject of the Turco-Persian frontier at Mohammerah forwarded to me under your endorsement of the 8th March, 1910.

2. Sir George Barclay states in his despatch No. 20 of the 6th December, 1909, that the map enclosed in my letter to you of the 12th June, 1909, is that of the mediating commissioners of 1850.

3. This being the case, the discrepancy between the frontier defined by the mediating commissioners and that locally recognised by both sides for many years is greater than I at first thought.

4. Commencing from the north, the line runs from the middle of the town of Hawizeh to Failieh. Any such division of the town of Hawizeh is plainly impracticable, as the country for many miles west of this town is, and has for many years been, in undisputed possession of the same tribes which now occupy the town, and who are tributary to Sheikh Khazal.

5. The mediating commissioners' line strikes the Shatt-el-Arab on the east bank

of the Abu Jidieh Canal, thus placing the sheikh's court-house and official quarters at this point in Turkish territory, and giving to Turkey the control of the head of this important canal on which extensive date groves depend.

Even the sheikh's palace half-a-mile above Failieh and his two other residences behind the island of Barin and Aqawat would all fall in Turkish territory.

6. Southwards from Failieh the line follows the left bank of the Shatt-el-Arab, not the main channel. Thus the large islands of Mohallah and Dawasir, now Persian territory, are assigned to Turkey, which has in consequence the full control of both banks of the Shatt-el-Arab at several points south of Mohammerah.

7. Were Turkey to raise the question of the frontier and claim to take possession of all the lands assigned to her by the mediating commissioners in 1851, the Persian Government and the Sheikh of Mohammerah would be deprived of large areas of valuable land, and the Shatt-el-Arab, instead of being under the joint control of Turkey and Persia, would become solely a Turkish stream.

8. The frontier near Mohammerah, as mutually adopted by both sides both now and for many years past, probably does not differ greatly from the *status quo* provisionally accepted by the Ottoman and Persian commissioners in 1851 (*vide* 8th paragraph of p. 7 of Mr. Parker's memorandum), and is shown in detail in the 1 mile = 1 inch maps forwarded to you under my letter of the 18th September and to His Majesty's Minister under cover of my despatch of the same date.

9. Keeping some 10 miles west of Hawizeh, this line approaches the Shatt-el-Arab near Diaji, where it is marked by a well-defined mud wall. It does not, however, reach the main channel of the Shatt-el-Arab, but, turning east, runs parallel to the river about a-mile from the left bank of the main channel or half-a-mile from the boat channel along a small canal. It strikes the main channel at a point $1\frac{1}{2}$ miles above Failieh, and thence is locally considered to run down midstream along the main channel of the river to the open seas.

The islands of Mohallah and all other islands on the left side of the main channel are thus admitted to belong to Persia, and no contrary claim has been raised by Turkey as far as is known for the last fifty years or so.

10. Since the mediating commissioners' line was repudiated by Turkey at the time, and since the Turkish and Persian delegates undertook shortly after the decision of the commissioners had been promulgated to observe the *status quo* then existing, I would submit that it is neither necessary nor desirable for us to uphold the commissioners' frontier, particularly in view of the joint declaration made in 1869 by England and Russia, which omitted all mention of this line, as also did the map presented to both Governments by the Anglo-Russian Boundary Commission, in connection with which this declaration was made. To do so would be, I believe, to risk grave complications, which might be avoided by supporting the *status quo* as agreed on at present and for many years past by the local representatives of Persia and Turkey.

The rumoured intention of the Turks to appoint a consul to Mohammerah may precipitate the raising of the question of frontiers, as such an official would not unlikely make it his business to oppose the sheikh and raise inconvenient questions.

11. I would therefore beg that I may be furnished if possible with tracings of the original maps prepared by the mediating commissioners in 1851, which were presumably on a large enough scale to enable features on the ground to be identified on the map, and the frontier thus fixed on the ground itself.

Although the words "delimited" and "defined"* are used in Mr. Parker's memorandum, as far as I can ascertain no pillars or other marks to indicate the boundary were ever erected.

12. If copies of Colonel William's large scale maps from Mohammerah to Hawizeh are not available, the required information might, perhaps, be obtained from Sir A. Kemball's working maps in the embassy at Constantinople referred to in p. 20 of the memorandum.

13. I am in possession of a copy of the "identic" map referred to on p. 1 of the memorandum, but this map shows no boundary line.

14. The question of the Turco-Persian boundary near Mohammerah is for the moment quiescent, but it may at any time be raised by the Turkish authorities, who, His Majesty's consul at Bussorah tells me, would not be sorry for an excuse to cause trouble with Persia, weak and disorganised as she now is. I have ventured, therefore, to ask for the above maps in order to be able to make local enquiries on the spot now,

* I mean "defined" on the map. There were once pillars at Hawizeh.—A. P

when I can do so without arousing jealousy or suspicion, instead of deferring enquiry until the question becomes a concrete one and the subject of claims and counter-claims on the part of the local authorities, at which time investigation would be difficult, and probably fruitless.

Mohammerah, March 12, 1910.

[19009]

No. 459.

Mr. Marling to Sir Edward Grey.—(Received May 28.)

(No. 243.)

(Telegraphic.) P.

Tehran, May 28, 1910.

I HAVE the honour to report that the arrangement for the consolidation of bank's advances, in which Government loan is included, was signed in the evening of the 26th May.

[19017]

No. 460.

Mr. Marling to Sir Edward Grey.—(Received May 29.)

(No. 244.)

(Telegraphic.) P.

Tehran, May 29, 1910.

TURKS and Sheikh of Mohammerah.

Reference to your telegram No. 165 of the 25th May.

His Majesty's consul-general at Bushire states that he will be unable to leave his post on account of the quarantine now in force at Bushire. I have therefore suggested that His Majesty's consul at Mohammerah should proceed to Bussorah in his stead.

Colonel Cox outlines a letter in a conciliatory spirit, which he proposes sheikh should adopt as his reply to vali, and which I have approved as affording a suitable basis for negotiation between Lieutenant Wilson and Mr. Crow.

In the course of a conversation with Lieutenant Wilson, sheikh stated that the real cause of recent trouble was connected with the affairs of Koweit, where Mubarek had been coquetting with the Turks. Sheikh had warned Mubarek that he was adopting a dangerous policy.

Paraphrase of Cox's telegram by post.

[19042]

No. 461.

Count de Salis to Sir Edward Grey.—(Received May 30.)

(No. 151.)

Sir,

Berlin, May 24, 1910.

BARON VON SCHOEN told me this evening that he was sending instructions to Count Metternich not to approach you further for the present on the subject of Persia. The German Government felt that it was not the moment to do so, while in view of the recent explanations given to them on the subject the question had lost much of its acute character. There had been a misunderstanding about it. He had, as I was no doubt aware, seen M. Isvolsky, and had spoken to him about the manner in which, as they considered, German rights were being menaced. M. Isvolsky had retorted by accusing them of coming into Persia with offers of loans and demands for concessions to the detriment of the position and interests which Russia had acquired in that country. He had of course rejoined that this was not the case. Though they were not bound by any agreement or obligation to do so, they had expressly refrained from countenancing any proceedings of the kind. He would give his word of honour to that effect. The misunderstanding had thus been cleared up.

Moreover, the German Government had now learnt that the two Powers were proposing to the Powers an "exchange of views" with the Persians before the grant of concessions which might injure British or Russian political interests. This was quite different from the original idea that the "permission" of the two Powers was to be required before any concessions were examined. The German Government had been very sensitive on this point, but the first-mentioned formula seemed to be in accordance more or less with a private suggestion he had made for the two Powers to act discreetly ("agir discrètement"), but not to make a parade of anything ("de ne rien afficher"). Meanwhile, no actual difficulty in practice had arisen, but, as I must

know, their press was extremely susceptible and ready to raise an outcry that German interests were in danger. I remarked on this that it was to be noted that some organs, by no means backward in the defence of German rights, had sounded a distinct note of moderation. Baron von Schoen replied that this was the case; they had been accused in some quarters of trying to make a second Morocco affair out of the business. This was the last thing in the world they wished to do.

Baron von Schoen spoke at some length, more than once repeating himself, especially in insisting that there had been a misunderstanding ("malentendu"). But I think that the foregoing is an accurate summary of the purport of his remarks. The impression left on me from the very first was that of a carefully prepared, if not very convincing explanation of a change of front with regard to the recent attitude of the German Government relating to Persia. As regards the causes which may have contributed to dictate this action, I can only venture so far to suggest one or two ideas. M. Jules Cambon, in the course of conversation, seemed to be struck with the idea that the Emperor's visit to London and his reception there by the King and by the public had rendered His Majesty more desirous of avoiding causes of friction. Perhaps the lukewarm attitude of Austria might furnish a more plausible explanation—a view which receives some confirmation from the information respecting Count Achrenthal's ideas which you were good enough to communicate to me on the 21st instant. A further article by Count Roventlow in the "Tageszeitung" urges that it must be borne in mind that, should Russia be hard pressed as regards her legitimate aspirations in Northern Persia, she must in self-defence end by declaring some sort of protectorate. Germany could not prevent her from doing so, though she would of course find that the change would be by no means to her advantage. A story reached me privately that this consideration has been urged upon the German Government by Count Achrenthal himself, who was not, however, the author of the suggestion, which was supposed to form part of what a pan-German newspaper recently called "English intrigues via Vienna." In any case, there have been, as I have ventured to report before, marked traces of a disinclination on the part of the non-inspired press to see matters develop into a "second Morocco affair."

On the other hand, it is evident that anything like a promise from the British Government to guarantee participation in the supply of railway material would be hailed by more than one section of the German press as an important diplomatic triumph, and would increase the prestige of the Chancellor in quarters where such a result would at the present moment be welcome to him. The National Liberal party, which represent to a great extent the manufacturers who would directly benefit by any such arrangement, are just at the present moment in a fairly strong position in Prussia. The fate of the Electoral Reform Law introduced by the Government is in their hands, for unless a certain number of them can be induced to support the very Conservative form which has been given to this measure, it must inevitably be lost, and the struggle on the subject must be recommenced afresh next session in the less favourable conditions which would arise from the discredit of failure. It may be further remarked that the Centre party, at present not on the most cordial terms with Herr von Bethmann-Hollweg, who is in some need of their good-will, derives some of its influence in Westphalia from the iron industry. After the recent trouble with the Mannesmanns and their supporters, the Imperial Foreign Office may be expected to be doubly anxious to avoid an accusation of indifference to German commercial interests. In all the circumstances, therefore, it would seem possible that, although they have interrupted discussions with His Majesty's Government for the moment, the German Government may be quite ready to return to the subject later if the moment is found to be favourable, and especially if the progress of separate negotiations with Russia should encourage them to do so.

I have, &c.

J. DE SALIS.

[19081]

No. 462.

Sir G. Lowther to Sir Edward Grey.—(Received May 30.)

(No. 337.)

Sir,

Constantinople, May 24, 1910.

WITH reference to my despatches Nos. 65 of the 30th January, and 299 of the 25th April, 1909, and No. 318 of the 18th instant, I have the honour to forward

[1722]

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herewith a despatch from His Majesty's consul at Bussorah respecting the relations between the Turks and the Sheikh of Mohammerah.

I have, &c.

GERARD LOWTHER.

Enclosure 1 in No. 462.

Consul Crow to Sir G. Lowther.

(No. 23.)

Sir,

Bussorah, April 28, 1910.

WITH reference to my despatch No. 22 of the 23rd instant, and my telegrams Nos. 16 and 17 of the 25th and 26th instants, I have the honour to enclose copies of two letters received from the acting British consul at Mohammerah.*

The "Marmaris" which had been anchored near Zein for several days returned to Bussorah on the 24th instant and left for Zein again early on the 25th instant. The village of Zein, which is on the Turkish side of the Shatt and is occupied by Mohammed Chenan and his tribesmen, was burnt and bombarded at midday on the 25th instant. Men in boats landed with kerosine oil and, accompanied by forty soldiers despatched overland, burnt about sixty huts and the house of Chenan and looted all the property they could find. They then retired and bombarded the place with the guns of the "Marmaris." The Mutessarif of Hassa, who was on the ship, told me there was an explosion in Chenan's house, when fired, which he attributed to the ammunition stored there. Lieutenant Wilson's letter gives details of the operations gathered during a personal visit to Zein after the incident. According to the vali the firing on Gulfidan's house (the lady is the mother of the Sheikh of Mohammerah and was in residence at the time) was due to a mistake. The house was apparently in the line of fire and they could not see it through the trees. There was no casualties.

I saw the vali on the 27th instant, and he told me a list of about twenty-five persons was sent to the sheikh, giving the names of persons wanted for various matters connected with troubles on the river in Turkish territory. The vali could tell me nothing about Haji Athbi, mentioned in Lieutenant Wilson's letter, and did not seem to know the name. He said the cases of the persons asked for would be dealt with judicially if they were surrendered. I told him it might be extremely difficult for the sheikh, as an Arab, to surrender either Chenan or Athbi, who were chiefs of some of his most powerful tribes, as such a surrender would be contrary to Arab custom and tribal rules. I observed that in dealing with the Arabs we usually respected their tribal customs. The vali contradicted me, and said we treated them with great severity. He said Chenan was an Ottoman subject resident in Turkey, and even if he were not an Ottoman subject, which he declared was not the case, he was concerned in past troubles on the river, and had lately defied his authority. The Turks hitherto had not been strong enough to exact redress, but that time was over. The sheikh in past years had frequently been asked to restrain his adherents from disturbing the peace of the vilayet. He had not done so. As he protected these people and declined to surrender them, the vali said he had no choice in the matter but to take his own measures.

My impression is that the vali is acting on instructions from Constantinople, as I hear he telegraphed after refusing to receive the sheikh when the latter brought Chenan to see him at Bussorah. I do not think anything fresh is contemplated at present unless the sheikh gives cause by raising his tribes and creating trouble or attempting reprisals. In that case the Turks might move against Failiyah or destroy some of the sheikh's property at Bussorah. I noticed that they pulled down part of a new house which the sheikh is erecting on the Ashar creek near the bridge, but they did not do much damage, and the proceedings were, I hear, stopped by the vali in person. At the same time they also pulled down part of a new unfinished house belonging to an Ottoman subject, Kassim Khederi, agent of the Bombay and Persian line at Bussorah, which stands close to the sheikh's house. I do not attach importance to these incidents.

The vali said he respected good people and strong people, and as the sheikh was neither he was not going to show him any mercy. It was an *état de guerre*, and I hear he has issued a manifesto to that effect to his mutessarifs and kaimakams and other officials in the vilayet. The vali spontaneously told me that the sheikh's house

at Failiyah, which he called "a Persian yildiz," was, strictly speaking, situated in Turkey, according to the line of demarcation laid down by the boundary commission. He seems to have learnt this from Constantinople. I did not discuss this matter with him, but I gather from Lieutenant Wilson that this statement is correct, although both the Turkish and Persian Governments agreed subsequently to respect the *status quo*, which has now existed for over half-a-century, and according to which the actual frontier is at Diaji. The Turkish officials are childishly exultant over the Zein affair, and matters must rest awhile till they are cooler. The vali leaves on Saturday, the 30th instant, for Bagdad, to meet Nazim Pasha, and expects to be absent about a month.

With the exception of the affairs at Ajerawiyeh, where the proprietor of the Izhar-el-Hakk was murdered, that at Menawee, in which a servant of Mirza Hamza was implicated, and an episode at Chibasi, of which I have not received details, there have not, as far as I am aware, been any cases of river piracy or disturbances round Bussorah since April 1909, but in the winter of 1908-1909 the river was much disturbed. I would refer your Excellency to Mr. Geary's despatches No. 76 of the 17th October, No. 79 of the 31st October, and his telegram No. 57 of the 5th November, and my telegrams No. 60 of the 18th November, No. 61 of the 30th November, and my despatches No. 89 of the 5th December, 1908; No. 2 of the 15th January, No. 9 of the 13th February, and my telegrams No. 10 of the 13th February, No. 12 of the 16th February, No. 16 of the 26th February, No. 19 of the 2nd March, and No. 21 of the 16th March, 1909. The causes of the disturbances which occurred up river in the spring of 1909 were summarised in my despatch No. 20 of the 31st March, 1909. There is a heavy cumulative record against Mohammerah from September 1908 to the 31st March, 1909, and most of the offenders were traceable there. The name of the Sheikh of Mohammerah figures largely in my reports, and, during seven years residence at this post I have had frequent occasion to draw the attention of His Majesty's Embassy, notably in the Maghil case and the murder of Mr. Glanville in 1906, to the sheikh's baneful influence in this vilayet and his unwillingness to co-operate with the Turkish authorities by delivering criminals who sought asylum at Mohammerah or by restraining the many lawless tribes subject to his influence in Turkish territory from committing acts of brigandage, murder and piracy. On one occasion during the hunt for Glanville's murderers in 1906-1907 representations were made, at my instance, to the sheikh through Tehran. To the best of my recollection the sheikh took the matter lightly. Daheysh, one of the culprits, who confessed his complicity before me, admitted before the court-martial that Mirza Hamza, the sheikh's representative, had promised to deliver him, as he put it, "out of the mouth of the lions." My efforts to get the sheikh to aid the Turks to suppress lawlessness on the river have been unavailing. He cannot plead he has not been warned. The day of reckoning now seems to have come, and I think it is high time the Turks took up the matter themselves. The action of the vali at Zein, though no doubt arbitrary as Turkish methods usually are, is not, I think, wholly unwarranted in view of past history, and if he has the force to carry it through, such incidents may prove salutary as far as this vilayet is concerned.

The commodore informs me that some motor gun-boats have been ordered for use on the river. It will no doubt aid the authorities if these gun-boats are expedited. I would therefore urge your Excellency to press for their completion and dispatch as soon as possible.

I have, &c.

F. E. CROW.

P.S.—A translation of the circular telegram issued by the vali to the districts subordinate to this vilayet regarding the conduct to be observed by the officers in charge in regard to Sheikh Khazal of Mohammerah is enclosed.

F. E. C.

Enclosure 2 in No. 462.

Circular Telegram addressed to the Mutessarif of Amara, Kaimakams of Kurna and Fao, Mudirs of the Nahies of Bussorah.

(Translation.)

April 24, 1910.

IT has been ascertained on good authority that Sheikh Khazal of Mohammerah keeps agents and serkars, under various names, for strengthening his influence in your

district, and has recourse to various means and intrigues in order to get persons attached to him appointed as mukhtars. It is also certain that the authors of many crimes, murders, and robberies committed in the sanjak of Bussorah are concealed by him.

It is most essential that, apart from the lawful authority of the Ottoman Government, no foreign Power should exercise influence in the Ottoman dominions, and that the application and enforcement of Ottoman laws and justice should not be impeded or delayed by any (extraneous) influence or interest.

It is a most important duty incumbent on the officers of the Government to break and destroy the unlawful influence in Turkish territory of such a person, who, profiting by the carelessness and improvidence of past times, is a source of calamity to his own country, and even ventures to harbour malefactors to the detriment of the Imperial Government. You are therefore definitely instructed to remove all mukhtars who may be dependent on Sheikh Khazal and to replace them by honest, patriotic persons, and to allow him no means or possibility of exercising his influence in your district.

[19085]

No. 463.

Sir G. Louther to Sir Edward Grey.—(Received May 30.)

(No. 341.)

Sir,

Constantinople, May 25, 1910.

I HAVE the honour to forward herewith a despatch from His Majesty's vice-consul at Van, reporting on recent Turkish action at Urmi on the Turco-Persian frontier.

I have, &c.

GERARD LOWTHER.

Enclosure in No. 463.

Vice-Consul Morgan to Sir G. Louther.

(No. 11.)

Sir,

Van, May 9, 1910.

I HAVE the honour to report that the following Turks have been appointed Governors of Solduz, Chari, and Ushnu:—

Captain Husni Bey, of the 15th Regiment of Hamidieh—appointed to Solduz.

Captain Zia Effendi—appointed to Chari.

Lieutenant Zia—appointed to Ushnu.

These three governors will bear the title of "idareh memuri" (administrator) and will receive a salary of 2,500 piastres a-month, equivalent to that of a kaïmakam.

The instructions given to the new "administrators" by the vali, and impressed on them as most important, are that they should try and gain the sympathy of the natives of their districts even if, to do so, means the remission of taxes for some time.

The officers are to leave Van in about a week's time.

A certain Mr. Reed has recently returned from a journey to Urmi. He travelled by Dilman, Serai, and tells me that he found a company of Turkish soldiers at Kulunji, on the Urmi-Dilman road, another at Chari, and a third at Razi; while at Urmi he heard also that Turkish troops were stationed at Balu, a Sunni village two hours distant from Urmi. The presence of Turkish troops in these places is, however, nothing new, and they have been there for at least two years. In addition to this news, I hear from Urmi that Turkish custom-houses have been set up on the road between Urmi to Dilman; however, Mr. Reed saw nothing of any Turkish customs officials.

It will thus be seen that the Turkish military occupation of the Urmi Plain (practically nothing remaining in the hands of the Persians but Urmi itself), which has continued for some two or three years, and which Captain Dickson drew attention to in his despatch No. 5 of the 14th June, 1909, shows no signs of being discontinued. On the contrary, the appointment of "idareh memurlari" and the setting up of custom-houses near Urmi seem to indicate that the military occupation is to be changed into a civil and permanent one. The Turks themselves make no secret of their having taken possession of the frontier zone, and of much that lies on the Persian side of the zone. The vali this week said to me that the Persians were still protesting at Constantinople against Turkish occupation of Persian lands, and suggested that it was about time that

the Persians recognised that a district which has been in the military occupation of another country for three years is now the property of that country, and that the Persians ought to admit that the map of the Turco-Persian frontier has been completely changed in that interval. As Turkish troops have been established in posts in the Urmi Plain for two or three years now, and as the soldiers of the VIth Army Corps have been in Solduz for a like period, one must conclude that only Urmi town itself now remains in the hands of the Persians.

I have, &c.

JAMES MORGAN.

[19259]

No. 464.

Treasury to Foreign Office.—(Received May 30.)

Sir,

Treasury Chambers, May 28, 1910.

IN the circumstances represented in Mr. Mallet's letter of the 19th instant and the enclosed copy of correspondence with the India Office, I am directed by the Lords Commissioners of His Majesty's Treasury to state, for the information of Secretary Sir E. Grey, that they sanction the charge to Imperial funds of one-half the expenses involved in the retention of the increased escort at His Majesty's consulate at Bunder Abbas for a further period not exceeding two months from the 17th ultimo, i.e., about 75 rupees a-month, with a lump sum of about 310 rupees for additional transport charges.

Their Lordships' sanction is given on the understanding that the additional guards will be withdrawn before the 17th June, should the situation improve sufficiently to justify that step.

I am, &c.

T. L. HEATH.

[19249]

No. 465.

India Office to Foreign Office.—(Received May 30.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram to the Viceroy, dated the 24th May, 1910, relative to the Perso-Afghan frontier.

India Office, May 28, 1910.

Enclosure in No. 465.

Viscount Morley to Government of India.

(Telegraphic). P.

India Office, May 24, 1910.

PERSO-AFGHAN frontier. See your telegram dated the 1st May. Your view that delimitation should be avoided for the present has my entire concurrence. Instructions to that effect should be sent to Major O'Connor.

[19308]

No. 466.

Mr. O'Beirne to Sir Edward Grey.—(Received May 30.)

(No. 166.)

(Telegraphic.) P.

St. Petersburg, May 30, 1910.

MY telegram No. 163 of the 26th May.

Proposed joint Anglo-Russian advance to Persia.

I saw M. Isvolsky to-day, and asked him for a reply to the communication which I had made to him on the above subject. He said that he was consulting the Minister of Finance, and hoped to be able to give me an answer after seeing him to-morrow.

[1722]

3 P

[18757]

No. 467.

Sir Edward Grey to Mr. O'Beirne.

(No. 283.)

(Telegraphic.) P.

Foreign Office, May 30, 1910.

ARMS and ammunition for Persian Government.

See your telegram No. 162 of the 26th instant.

Persian Government require 10,000 Mauser revolvers, 50,000 rifles, and 300 rounds of ammunition for each. So far we have had no information as to route over which they would travel.

Please tell M. Isvolsky that we hope that he will not unduly delay his reply, as bank are pressing for an answer, and we cannot well defer giving one for an indefinite period, especially as the bank are not obliged to consult us at all, and need never have referred to us before carrying through this transaction.

[18627]

No. 468.

Sir Edward Grey to Sir G. Louther.

(No. 150.)

Sir,

Foreign Office, May 30, 1910.

IN the course of conversation with Mr. Mallet on the 23rd instant, Rifaat Pasha enquired what the Germans were doing in Persia.

Mr. Mallet explained the situation to his Excellency very briefly, and added that His Majesty's and the Russian Governments had no desire or intention of excluding other Powers from Persian trade, but that they must insist on being consulted before political or strategic concessions were granted.

Rifaat Pasha appears satisfied with this explanation.

Mr. Mallet then asked about the Turkish troops in Persia, and his Excellency returned the usual answer to this enquiry—that they had been sent there to protect life, and that there was no intention of annexing any part of Persia.

I am, &c.

E. GREY.

[18881]

No. 469.

Foreign Office to Imperial Bank of Persia.

Sir,

Foreign Office, May 30, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 27th instant relative to the signature of the agreement between the Imperial Bank of Persia and the Persian Government for the consolidation of the debt owed by the latter to the former and to His Majesty's Government.

I am to enquire the nature of the outstanding debts referred to in your letter, as Sir E. Grey was under the impression that all the debts of the Persian Government to the bank were included in the transaction which forms the subject of the agreement now signed.

I am, &c.

W. LANGLEY.

[18632]

No. 470.

Foreign Office to Mr. Wallace.

Dear Mr. Wallace,

Foreign Office, May 30, 1910.

MANY thanks for your letter of the 21th, forwarding a copy of the telegram sent by Mr. Greenway to Mr. Preece on that day, about the conditions of the loan by the Anglo-Persian Oil Company to the Persian Government.

As, in view of the recent renewal by that Government of their request for an advance from the British and Russian Governments, the negotiations in connection with your scheme are suspended, it is unnecessary to comment at length on this

telegram, but there is one point to which I ought to draw your attention in case those negotiations should ever be resumed in consequence of a failure to arrange a new Anglo-Russian advance.

That point concerns the security which, according to the telegram, is to include, in the second place, a second charge on the customs. We cannot admit the hypothecation to any new loan of any source of revenue already pledged to the service of the debts owed by the Persian Government to the British or Russian Government, or to the British or Russian bank.

We have already told other intending lenders this, and of course have to adopt an entirely impartial attitude as regards all British groups competing in this matter.

I have, &c.

LOUIS MALLET.

[19375]

No. 471.

Treasury to Foreign Office.—(Received May 31.)

Sir,

Treasury Chambers, May 30, 1910.

IN connection with the recent arrangement dealing with the debts of the Persian Government to His Majesty's Government and the Bank of Persia, I am directed by the Lords Commissioners of His Majesty's Treasury to advert to Mr. Mallet's letter of the 21st February, 1908, to which no formal reply has yet been sent.

The scheme originally adopted for the liquidation of the Anglo-Indian advance to Persia has now been superseded by the new arrangement, under which the Bank of Persia will receive the customs revenue of the Gulf ports, and will pay over to the Government of India interest on the outstanding amount of the loan and its arrears from the 21st March last, and annual instalments of the capital from 1913 to 1928.

As it seems probable that this arrangement will result in the regular discharge of the Persian Government's liabilities, both in respect of interest and capital, my Lords presume that it will not be necessary at present to make any payment from the Imperial Exchequer to the Government of India, but should a further default occur on the part of the Persian Government, my Lords will be prepared to ask Parliament to vote a sufficient sum to make good the share of the loss which the Imperial Government has undertaken.

In these circumstances my Lords think that it will be well to defer making any announcement on the subject to Parliament until default has actually taken place.

My Lords trust that this arrangement will be satisfactory to the Secretary of State in Council of India.

I am, &c.

G. H. MURRAY.

[19437]

No. 472.

Mr. Marling to Sir Edward Grey.—(Received May 31.)

(No. 245.)

(Telegraphic.) P.

Tehran, May 31, 1910.

TURKS and Sheikh of Mohammerah.

In continuation of my immediately preceding telegram of the 29th May, I have the honour to transmit the following summary of telegrams received from His Majesty's consul-general at Bushire respecting the present position at Mohammerah:—

Reply has been discussed by His Majesty's consular officers at Bussorah and Mohammerah, and Sheikh has agreed to send it, but claims that vali should give compensation for the damage done to his property and express his regret. Without instructions from Constantinople vali, however, refuses even to make an apology.

On the question of the general merits of the case, Cox and Wilson warmly traverse views held by His Majesty's consul at Bussorah that grievances are entirely on side of the Turks, and they allege that Turkish maladministration, as has been admitted repeatedly in Bussorah despatches, is the cause of troubles on the Shat-el-Arab, and that it is out of deference to us that sheikh has maintained order. In view of these circumstances they hope that until sheikh's case has been examined by His Majesty's Government no definite decision will be taken.

His Majesty's consul-general at Bushire again urges that our influence on the river and sheikh's own prestige "will be damaged beyond repair" if suitable amends are not obtained from vali.

The detention of vali at Bagdad would, he also states, facilitate settlement of the matter.

Colonel Cox also believes that the action of Turks against Mohammerah will be followed by activity in Koweit (please see my immediately preceding telegram).

I have not yet received sheikh's case, and am therefore unable to form any opinion myself on the merits of the dispute between Vali of Bussorah and Sheikh Khazzal.

[19259]

No. 473.

Sir Edward Grey to Mr. Marling.

(No. 176.)

(Telegraphic.) P.

Foreign Office, May 31, 1910.

BUNDER ABBAS escort.

We are prepared to sanction retention of increased escort till 17th June, provided that, if the situation there improves sufficiently, they are withdrawn earlier. Expense to be divided between Imperial and Indian exchequers.

If any improvement occurs in the situation you should inform us.

[19706]

No. 474.

Sir Edward Grey to Sir E. Goschen.

(No. 148. Secret.)

Sir,

Foreign Office, May 31, 1910.

COUNT METTERNICH came to inform me to-day that he was going to Berlin for some days, and after some general conversation he asked me whether I had anything to say to him before he went upon the subjects which had recently been under discussion between ourselves and Germany.

I replied that I had nothing new to tell him about Persia. Within the last ten days we had made at Tehran the communication which, as I had previously told him, contained the least that we could say. I repeated the substance of it, and added that as we had not asked for a reply pledging the Persian Government to give us any monopoly, the communication was not open to the objection which the German Government had apprehended.

Count Metternich said that his Government had received the same information from M. Isvolsky; but, in order to prevent any misunderstanding arising from the reports which they received from the German Minister at Tehran, who got what information he could, Count Metternich would like to be quite sure of the dates. He understood that about a month ago we had made a written communication asking for a reply, and he seemed in doubt as to whether I was now referring to a written or a verbal communication.

I informed him that the first communication was a written one on the 7th April. The Persian Government had replied satisfactorily to that on the two financial points, but had asked for an explanation of what exactly we meant with regard to concessions. We had now, within the last ten days, given this explanation in a written communication which required no reply.

Count Metternich then said that he understood I had told you my views on the subjects of your conversations with the German Chancellor, and he asked whether I had written to you.

I answered that I had not given you any written communication to make, but I had told you in a letter what my views were. As Count Metternich was anxious to know them, I said that I had told you how impossible it would be for me to make an arrangement about Persian railways unless an arrangement with regard to the Bagdad Railway were included.

Count Metternich argued that the *quid pro quo* for a share in Persian railways would be the remuneration by Germany of her right to apply for railway concessions in the part of Persia in which we were interested. He could not see why the Bagdad Railway should be brought into the discussion, or why we should expect participation in it without giving some *quid pro quo*.

I observed that financial assistance and the 4 per cent. increase of the Turkish

customs dues would be a *quid pro quo*. I also reminded Count Metternich that on the occasion of the German Emperor's visit it had not seemed unreasonable to the Germans, in the conversations which then took place, that we should have participation in the southern end of the Bagdad Railway, "a gate" as the Emperor had called it, without any talk of a *quid pro quo* other than financial assistance. Even the 4 per cent. increase of the Turkish customs, which was directly or indirectly to provide money for the Bagdad Railway, was not mooted then.

Count Metternich said that he would like me to know what the attitude of the late Conservative Government had been with regard to the Bagdad Railway, as they were certainly not less Imperialist than the present Government. Lord Lansdowne had expressed himself favourable, in the interests of general commercial development and civilisation, to the making of the Bagdad Railway by Germany. All he had stipulated was that an arrangement should be made with Great Britain when a port was actually selected on the Persian Gulf, as it would prejudice our interests if a fortified harbour were constructed there. No mention had been made of British control of the line from Bagdad to the Gulf, a most valuable part of the railway. Since the Emperor's visit two years ago more political feeling had been aroused about the railway, and this had made things more difficult.

I told Count Metternich that, early this year, Herr Gwinner and Sir Ernest Cassel had been in negotiation, and I had thought that the financiers would probably be able to come to some arrangement; but progress had been blocked by political considerations.

Count Metternich did not dispute this, but rejoined that it was over here that the question had been made a political one.

I observed that what I meant was that the negotiations between the financiers had been blocked by political considerations in Germany.

Count Metternich explained that he meant that the political feeling in Germany had been aroused by the political considerations which had been urged here.

I am, &c.

E. GREY.

[18701]

No. 475.

Sir Edward Grey to Mr. Marling.

(No. 92.)

Sir,

Foreign Office, May 31, 1910.

I HAVE received Sir G. Barclay's despatch No. 55 of the 13th ultimo, relative to the claim of Messrs. Nearco Castelli and Brother in connection with the theft of their carpets by Rahim Khan, and I concur in the view expressed in the last paragraph of that communication, that the Persian Government should be held responsible for this robbery, which was committed by that chieftain when in command of a force of irregular troops under the late Shah.

I transmit to you herewith copy of a further letter from Messrs. Castelli's legal advisers on the subject,* from which it appears that there is no longer any hope of recovering the stolen goods themselves by the aid of the Russian authorities or as the result of any legal proceedings in Russia.

The only step which can usefully be taken on Messrs. Castelli's behalf is, therefore, to endeavour to recover the amount of the claim from the Persian Government, and I have accordingly to request you to take such measures as you may be able for the attainment of this object.

Copy of the reply which I have caused to be returned to Messrs. Crump's communication is also enclosed.†

I am, &c.

E. GREY.

[1722]

* No. 445.

† No. 479.

3 Q

[18849]

No. 476.

Sir Edward Grey to Sir J. Rolleston, M.P.

Dear Sir John Rolleston,

Foreign Office, May 31, 1910.

I BEG to acknowledge the receipt of your letter of the 25th instant, forwarding a communication from Mr. Joseph Woolf relative to a scheme for a loan to the Persian Government in which he is interested.

I transmit to you herewith a letter in reply to Mr. Woolf's application,* and I should be grateful if you would forward it to its destination in due course.

Yours, &c.

E. GREY.

[18849]

No. 477.

Foreign Office to Mr. Joseph Woolf.

Sir,

Foreign Office, May 31, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 25th instant, forwarded to him by Sir J. Rolleston, M.P., relative to the scheme for a loan to the Persian Government in which you are interested.

As regards the considerations advanced by you, I am to state that Sir E. Grey has nothing to add to the observations contained in Mr. Mallet's letter of the 30th ultimo, copy of which is enclosed for your convenience.†

I am to add that the Persian Government have now once more approached His Majesty's and the Russian Governments with a request for an advance of money, and that, in view of these renewed overtures, His Majesty's Government are unable to take any steps at present in support of an offer of money from another source.

I am, &c.

W. LANGLEY.

[19419]

No. 478.

Foreign Office to Messrs. Seligman Brothers.

Sir,

Foreign Office, May 31, 1910.

IN continuation of Mr. Mallet's letter of the 21st instant, relative to the scheme for a loan to the Persian Government in which you are interested, I am directed by Secretary Sir Edward Grey to inform you that the Persian Government have now once more approached His Majesty's and the Russian Governments with a request for an advance of money.

I am to state that, in view of these renewed overtures, His Majesty's Government are unable to take any steps in support of an offer of money from another source, but that your application will be borne in mind.

I am, &c.

W. LANGLEY.

[18701]

No. 479.

Foreign Office to Messrs. W. A. Crump and Son.

Gentlemen,

Foreign Office, May 31, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 25th instant, relative to the claim of Messrs. Marco Castelli and Brothers in connection with the theft of their carpets by Rahim Khan.

I am to inform you, in reply, that Sir E. Grey concurs in the view expressed in your letter that it would be useless in the circumstances to take any further steps to support this claim at St. Petersburg, and that he will accordingly instruct His

* Nos. 229 and 477.

† No. 229.

Majesty's chargé d'affaires at Tehran to take such steps as he is able to recover the amount of the claim from the Persian Government.

I am, &c.

W. LANGLEY.

[19532]

No. 480.

Imperial Bank of Persia to Foreign Office.—(Received June 1.)

Sir,

25, Abchurch Lane, London, May 31, 1910.

I HAVE the honour to acknowledge the receipt of, and to thank you for, your letter of the 30th instant.

The Secretary of State is quite right in assuming that all the Persian Government debts have happily been included in the agreement just signed. There are, however, various debts owing to the bank by private parties who, we believe, are quite able to pay but require to be pressed, and it was to these we referred in our letter of the 27th instant.

I have, &c.

G. NEWELL,

Manager.

[19586]

No. 481.

Count Benckendorff to Sir C. Hardinge.—(Received June 1.)

My dear Hardinge,

Russian Embassy, London, June 1, 1910.

I HAVE just received the following telegram from M. Isvolsky, in translation :—

"Que par suite d'informations transmises par le Comte de Quadt, le Comte de Pourtales avait été chargé de demander s'il était vrai que la dernière communication adressée au Gouvernement persan par M. Poklewsky et Mr. Marling contenait l'exigence catégorique d'une réponse. M. Isvolsky répondit qu'il n'en était rien. En vue pourtant que cette occasion est la seconde où le Ministre d'Allemagne transmet des informations tout à fait inexactes, M. Isvolsky exprima des regrets que le Comte de Quadt omettent de les vérifier sur place, ajoutant que M. Poklewsky aurait été tout prêt à lui fournir les renseignements nécessaires."

Excuse my writing in haste.

Yours sincerely,

BENCKENDORFF.

[19611]

No. 482.

Sir E. Goschen to Sir Edward Grey.—(Received June 2.)

(No. 157.)

Sir,

Berlin, May 31, 1910.

IN his despatch No. 152 of the 26th instant, Count de Salis had the honour to report certain inspired statements which had appeared here regarding the conversations held by His Imperial Majesty the Emperor during his recent visit to London.

Referring now to certain statements in the French press to the effect that the Persian question had formed the subject of a conversation between His Majesty King George and the Emperor, the "Kölnische Zeitung" in an apparently semi-official utterance contradicts the truth of these rumours, which it characterises as absolute inventions.

I have, &c.

W. E. GOSCHEN.

[19656]

No. 483.

India Office to Foreign Office.—(Received June 2.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, with reference to Foreign Office letter 18296, copy of a telegram to the Viceroy, dated the 31st May, 1910, relative to the Turkish authorities and the Sheikh of Mohammerah.

India Office, June 1, 1910.

Enclosure in No. 483.

Viscount Morley to Government of India.

(Telegraphic.) P.

India Office, May 31, 1910.

MOHAMMERAH. See your telegram dated the 17th instant.

As opposite views of merits of case are taken by consuls at Bushire and Bussorah, it is, in the opinion of His Majesty's Government, more than ever desirable that representations at Constantinople should be avoided, and essential that local settlement of question should be effected. Instructions to this effect have been sent to His Majesty's consul, Bussorah. It is not possible to maintain attitude taken up in telegram from Resident, Persian Gulf, to Minister, Tehran (in reply to Minister's telegram No. 133), which treats the rights and wrongs of the accusation as of no account.

[19696]

No. 484.

Messrs. Lawrance, Webster, Messer, and Nicholls to Foreign Office.—(Received June 2.)

Sir,

14, Old Jewry Chambers, London, June 1, 1910.

WE have the honour to acknowledge the receipt of your letter of the 27th ultimo, and have to thank you for the information therein contained.

We may mention that, if after enquiry the scheme should be satisfactory to our clients, they have already been advised to proceed with the execution of it through the medium of a Russian company, as to which they have been in communication with a firm at Baku.

We have, &c.

LAWRANCE, WEBSTER, MESSER, AND NICHOLLS.

[19709]

No. 485.

Mr. O'Beirne to Sir Edward Grey.—(Received June 2.)

(No. 167.)

(Telegraphic.) P.

St. Petersburg, June 2, 1910.

MY telegram No. 166 of the 30th May.

Proposed Anglo-Russian advance to Persia.

I saw M. Isvolsky to-day, and he said that he hoped that either to-day or to-morrow he would be in a position to give me a favourable reply as to the advance.

The only condition that the Russian Government will impose will be that guarantees for the repayment of the sum advanced should be given.

[19710]

No. 486.

Mr. O'Beirne to Sir Edward Grey.—(Received June 2.)

(No. 168.)

(Telegraphic.) P.

St. Petersburg, June 2, 1910.

YOUR telegram No. 283 of the 30th May.

Arms for Persian Government.

All my efforts to elicit a reply from M. Isvolsky have proved unavailing. It is

evident that he is inclined to raise difficulties about the Imperial Bank affecting the purchase. Would it not be possible for Mr. Marling to sound M. Poklewski and ascertain how matters stand?

[19711]

No. 487.

Mr. O'Beirne to Sir Edward Grey.—(Received June 2.)

(No. 169.)

(Telegraphic.) P.

St. Petersburg, June 2, 1910.

GERMANY and Persia.

At my interview with M. Isvolsky to-day, his Excellency spoke to me as to the line of action which Russia and Great Britain should adopt in conducting their negotiations with Germany as to Persian questions. M. Isvolsky is convinced that the primary object of Germany will be to sow dissension between the two Powers, and that there will always be a certain danger of her achieving this object if negotiations are conducted separately. He is considering whether it would not be advisable to inform the German Government that Russia and Great Britain will only enter into negotiations about Persia if such negotiations are conducted by Germany with the two Governments jointly. In the event of Germany refusing to negotiate on these lines, then Russia and Great Britain could consider what their next move should be. This display of solidarity would have done no harm. M. Isvolsky is considering what form a communication to Germany should take, and he will submit the result to you.

I called the attention of M. Isvolsky to the statement which you made informally on the 1st April to the German chargé d'affaires (see your telegram No. 156 of the 1st April) as to the possibility of negotiations on the Bagdad Railway question being conducted separately.

[19712]

No. 488.

Mr. O'Beirne to Sir Edward Grey.—(Received June 2.)

(No. 170.)

(Telegraphic.) P.

St. Petersburg, June 2, 1910.

DARAB MIRZA'S proceedings.

Mr. Marling's telegram No. 246 of the 2nd June.

In our conversation to-day M. Isvolsky referred to the above incident and described it as most unfortunate. The Russian Government, however, had done everything possible to remedy matters by sending a force to arrest the delinquent, and by dismissing him on the spot from the Russian army.

19701]

No. 489.

Mr. Marling to Sir Edward Grey.—(Received June 2.)

(No. 246.)

(Telegraphic.) P.

Tehran, June 2, 1910.

AN officer of Persian extraction, Darab Mirza, who was attached to Russian force at Kazvin, has started a movement in favour of Mehemet Ali, ex-Shah. I am informed by my Russian colleague that this officer obtained leave of absence, and started in company of an official of ex-Shah's Court for Azerbaijan, where, with a small force, he has been attacking Zinjan for past three days. Sixty men, on instructions from M. Poklewski, have been sent by Russian commandant at Kazvin, in order to effect his arrest.

Darab Mirza's attempt will, no doubt, be suppressed, but the incident, in conjunction with two others of less importance at Hamadan and Urumia, has naturally again stirred up mistrust of Russia among Persians. At the same time, it puts strong argument for the withdrawal of the troops into hands of Persian Government.

[14937]

No. 490.

Sir Edward Grey to Mr. Marling.

(No. 177.)

(Telegraphic.) P.

Foreign Office, June 2, 1910.

SHEIKH of Mohammerah and Turkish authorities.

With reference to your telegram No. 245 of the 31st ultimo, until we have a full statement of the facts we do not intend to come to any decision.

If we did anything to ensure vali's detention at Bagdad, we should create the impression that our action was prompted by a desire to prevent him from acting in his own defence, and therefore it would be difficult to take any steps of this kind.

[19722]

No. 491.

Sir G. Lowther to Sir Edward Grey.—(Received June 3.)

(No. 349.)

Sir,

Constantinople, May 30, 1910.

WITH reference to my despatch No. 337 of the 24th instant, I have the honour to forward herewith a despatch from His Majesty's consul at Bussorah on the subject of the dispute between the Turkish authorities and the Sheikh of Mohammerah.

I have, &c.

GERARD LOWTHER.

Enclosure 1 in No. 491.

Consul Crow to Sir G. Lowther.

(No. 25.)

Sir,

Bussorah, May 7, 1910.

YOUR Excellency's telegram of the 3rd May reached me on the 4th May, and I at once sent word to Bussorah to the Mutessarif of Hassa, Saad Bey, who is acting in the absence of the vali at Amara, that I wished to see him. He received me in the morning of the 5th May, and I reported the result to your Excellency in my telegram No. 21. I said His Majesty's Government regretted the action of the vali and feared it might lead to serious frontier questions and open up other complications, that I had been instructed to help them make peace, and that peace must be made as His Majesty's Government attached great importance to it. Our mutual friendship with both parties was of old standing, and the sheikh governed his own country well in comparison to the rest of Persia, we had important interests there and did not want him weakened in Arabistan. I said I was sure it was possible to arrange for policing the country better, and I thought the vali was rather "vif" and should have given us an opportunity to intervene before proceeding to extremities. The acting vali said I was not ignorant of their difficulties with the sheikh, and he mentioned his habit of conniving at or instigating disorder in the vilayet and then secreting the criminals. I said I was well aware of them after seven years' residence in the country, but the policy of His Majesty's Government was to keep the two parties on good terms in the general interest and in our own in view of future commercial developments in Arabistan, and to weaken the sheikh there would be detrimental to us. I impressed on him the absolute necessity of settling the dispute with the sheikh in a friendly way either directly or through me, and he said he preferred to have us in it, as if the sheikh did not keep quiet after this Turkey would have grounds of complaint against us. I said I would ask if influence could be brought to bear on the sheikh to restrain him, and he replied something of that sort would have to be done. I did not use the threat of reconsideration of the frontier or of an appeal from the sheikh to our assurances, as he seemed inclined to bend to gentler arguments, and I preferred to have something in hand in case the vali should prove obstinate. Saad Bey promised to do his best and to tell the vali the question was important and we were not merely bluffing, and I generally gave him to understand that there was considerably more behind, which I did not wish to worry him with, as long as he realised what was wanted. He said he quite understood and had followed our Gulf policy for some years while at Cairo. I think he said he was there for many years. I suggested Haji Reis as an intermediary, as Mirza Hamza was not, I knew, a *persona grata* with the vali.

Lieutenant Wilson came up from Mohammerah the same evening with Haji Reis and the latter arranged to see the acting vali on the following day, the 6th May, and to inform me of the result. I had a long interview with Haji Reis on the evening of the 6th May after he had seen Saad Bey. He took a very diplomatic line with him and said if the vali was all fire he would be all water. I thought the result of the interview, as he related it to me, was as satisfactory as could be expected in the preliminary stages of peace-making. Saad Bey afterwards summoned the vali to the telegraph office and was in communication with him yesterday afternoon. Haji Reis is to lunch with the acting vali to-day to hear the result and will see me later, his report will be too late for this mail. Haji Reis said one thing to the acting vali which I thoroughly endorse, in fact I intended to use the same argument with the vali myself if called upon to discuss the matter with him. It was to the effect that if the Turks had any grievance against Chenan, who was living on Turkish territory, let them tell the sheikh that they refused to have him in the country, and the sheikh would expel him from his lands at Zein and put another person in his place, which would be a punishment for Chenan and the Turks would be rid of a knave. This is, I think, a very sound argument and we might work upon those lines.

I repeated the substance of my interview with Haji Reis in my telegram No. 22. I drew his attention to the absolute necessity of getting the sheikh to modernise his views on the subject of border relations and of aiding him to realise the genuineness of Turkey's wish for reform. The truth is the Turks have hitherto played such a pitiable part here that it is not strange the Arabs should think no good can come from them. I said some arrangement would have to be made and adhered to for the surrender of criminals who evaded justice. He replied the Turks could not keep them when they got them. There is truth in that. Evasions from prison used to be frequent, and once, in the Maghil case, I had Khuleyf brought up from Mohammerah and turned loose in a garden, and sent 15 Zapties, my dragoman, and the Tabour Agassi to catch him, and they let him slip through their hands. I mentioned the attacks on Abul Khassib in 1908 and on Bussorah 1909, and the sheikh's pranks during Moharrem Bey's governorship, which sometimes almost partook of the character of a Florentine "beffa" of the middle ages. Haji Reis could not deny that the sheikh was somewhat given to wreak his vengeance on any particular vali he disliked by stirring up trouble in the vilayet in order to discredit him. I pointed out what wretched tactics these were besides being very unfair on the sufferers, and Haji Reis agreed and promised to offer better counsels. I understand the sheikh is very much in the hands of his advisers, and I believe Haji Reis is one of the best of them. For my own part I rather distrust Mirza Hamza.

Matters are somewhat complicated by two letters which the vali addressed to the Persian consul-general on the 26th April, of which Haji Reis gave me copies in Turkish. I enclose a literal translation of them. From these it will be seen that the vali accuses the sheikh of harbouring bad characters to the detriment of the vilayet, and this is, I think, strictly true. He states further that he will use the force at his command to protect Ottoman territory against interference from the sheikh. Turkish officials under the new régime seem to me half intoxicated with liberty and dazed with the accession of power and, like schoolboys out for a holiday, they may make sad misuse of it. An impetuous man like Nazif Bey requires a good deal of holding. He has his points, he is no liar and is clean handed, but he is not a very experienced governor and is most undiplomatic in his methods. In the second letter to the Persian consul-general the vali demands the arrest of Mohammed Chenan. I do not understand his allusion to "attacks on farms" ("bazi muqatalera tejavuz itnessi uzerine"). As far as we know Chenan prevented the zapties from turning out certain refractory "fellahs" from the land of a certain Mishri at Dowasir. He seems to have supported them because they were fellow clansmen, and he went rather far when the Tabour Agassi was sent to arrest him, Chenan, by saying that Mishri's agent would be killed if the arrest was insisted on. I have heard nothing else specified against him except the vague accusation that he is a brigand. Chenan, so Mr. Wilson informs me, is the headman of an important tribe subject to Sheikh Khazal, though the Turks claim him to be an Ottoman subject. I have so far received no proof of his Ottoman or Persian nationality. The Turks say they can prove their contention and the Persians say the same. The only serious part of the vali's letter is the covert threat in the last sentence, in which he clearly menaces Mohammerah. I do not know how far he is acting on orders from Constantinople in making this state ment.

A further complication is the death of one of the Sheikh of Mohammerah's wives, a sister of Chenan, who resided with the sheikh's mother, Gulfidan, in the latter's house at Zein, which was inadvertently bombarded by the Turks. The lady died of fright

caused by the bombardment. Haji Reis mentioned the matter to the acting vali but said they had no desire to press it.

I have, &c.
F. E. CROW.

Enclosure 2 in No. 491.

Vali of Bussorah to Persian Consul-General, Bussorah.

(Translation.)

(After Compliments.)

April 26, 1910.

IT is understood from successive enquiries that the authors of the crimes which are always occurring in Bussorah are people of Mohammerah or robbers who seek asylum there. We cannot naturally disregard the fact that Sheikh Khazal Khan of Mohammerah protects a lot of malefactors and now and then lets them attack Bussorah town and neighbourhood, and that this disturbs the peace of the vilayet. It is evident that, at a moment when both sides are endeavouring to strengthen and maintain the friendly relations which have from old times existed between Persia and Turkey, actions which will disturb these relations will be viewed by your experienced self too with regret. I have therefore the honour to inform you that you should make the necessary communications and to say that, if attacks occur again, the Ottoman Government will be obliged to assure local security by protecting its lawful rights with the official forces at its disposal.

Enclosure 3 in No. 491.

Vali of Bussorah to Persian Consul-General, Bussorah.

(After Compliments.)

April 26, 1910.

WE learn on enquiry that Mohammed Chenu, an Ottoman subject living at Kut-el-Zein, when pursued by Government for opposing a detachment sent after him with the commander of the gendarmerie for attacking several farms, has to-day taken refuge at Mohammerah and is concealed there. I have the honour to inform you that his arrest is required and he should be surrendered to Government, and to state that if he is not surrendered it will be necessary to extend the pursuit even to Mohammerah.

[19803]

No. 492.

Sir J. P. L. Rolleston to Sir Edward Grey.—(Received June 3.)

Dear Sir Edward Grey, 2, Waterloo Place, London, June 2, 1910.

I HAVE to thank you very much for your letter of the 31st ultimo, and, in compliance with your request, I have forwarded it to Mr. Woolf. I now beg to enclose you another communication received from him for your consideration, for which I should be grateful.

Believe me, &c.
J. F. L. ROLLESTON.

Enclosure in No. 492.

Mr. J. H. Woolf to Sir Edward Grey.

*Marlborough Chambers, Jermyn Street, St. James's,
London, June 2, 1910.*

Sir,

I HAVE the honour to acknowledge the receipt of your communication of the 31st ultimo.

I beg to state in reference thereto that the course you have adopted is such that prevents and will prevent Great Britain from utilising the unique opportunity which offers itself at the present moment to equalise, if not control, the influence over Persian finances.

In compliance with your letter of the 30th April, I had the honour to communicate

to the Foreign Office our acquiescence to their conditions relative to the British and Russian loans; furthermore, I successfully used my influence to avert the employment of any foreign capital for the purpose of liquidating the floating debts of the Persian nation and to provide for their requirements, as I feel most strongly that such employment of any foreign capital would be absolutely injurious to the interests of the British nation.

I venture therefore respectfully to suggest that if the British Government continues its present attitude and policy in this matter, which in my opinion must be detrimental to the interests and welfare of Great Britain, I shall have no choice, in justice to the Persian nation, which has earnestly supported my efforts, and to myself, but to make endeavours to obtain the additional support of British public opinion, from any effort to do which I have so far entirely abstained.

I have, &c.

JOSEPH H. WOOLF.

[19720]

No. 493.

Mirza Mehdi Khan to Sir C. Hardinge.—(Received June 3.)

THE Persian Minister presents his compliments to Sir Charles Hardinge, and, with reference to the conversation he had with his Excellency yesterday, has the honour to enclose the translation of a further telegram he has just received from his Government.

The Minister is directed to draw the attention of His Britannic Majesty's Government to the gravity of the situation, and to express an earnest hope that they will take immediate steps to prevent complications by using their good offices.

The Persian Government cannot but consider incidents such as this and the one which recently took place at Urumia, of which the Minister spoke to Sir Charles Hardinge yesterday, as further convincing proofs of the great danger of the continued presence of the occupying troops, the recall of which was long ago promised. It will be remembered that the Persian Government have repeatedly drawn the attention of His Britannic Majesty's Government and that of the Government of His Imperial Majesty the Czar to the probability of such a danger.

Persian Legation, London, June 2, 1910.

Enclosure in No. 493.

(Translation.)

Persian Government to Mirza Mehdi Khan.

(Telegraphic.)

A TELEGRAM has been received from Zandjan saying that sixty Russian Cossacks who had gone to capture Darab Mirza met him at the village of Tehargar [?], about 8 miles from Zandjan, and then they attempted to enter the town with some of the rebels. The event has greatly agitated the inhabitants, and there is fear that it may give rise to some very disagreeable incident. We have written to the Russian Minister whatever was necessary removing from ourselves the responsibility for anything that may happen, and have protested against the entry of the Cossacks into the town. You will see that the Cossacks were dispatched to Zandjan in spite of our strong opposition. Take immediate action with a view to getting the Cossacks called back from Zandjan.

[19759]

No. 494.

India Office to Foreign Office.—(Received June 3.)

Sir,

India Office, June 2, 1910.

IN continuation of previous correspondence ending with your letter dated the 23rd October last regarding the payment to the Persian Government of the sum due for the rental of the Central Persia telegraph line, I am directed by the Secretary of State for India in Council to state that a sixth instalment of this rental becomes due on the 1st July, 1910.

[1722]

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The accounts in connection with the cost of the line were forwarded to the Foreign Office with the letter from this Office dated 13th January last, but it is understood that they have not yet been presented to the Persian Government. It will therefore be necessary to make another payment of the rental at the minimum rate for the half-year, as shown in the convention.

Viscount Morley will accordingly be glad if the Secretary of State for Foreign Affairs will cause the necessary instructions to be communicated to the British Minister at Tehran to make a payment of 12,500 fr. to the Persian Government on the 1st July next, with the explanation, as before, that any further sum due under the convention will be paid to them as soon as the accounts for the line have been passed. The amount paid will be adjusted subsequently as a charge against the Indo-European Telegraph Department, as in the previous instances.

I am, &c.

COLIN G. CAMPBELL.

[19762]

No. 495.

India Office to Foreign Office.—(Received June 3.)

Sir,

India Office, June 2, 1910.

I AM directed by the Secretary of State for India to request you to invite the attention of the Secretary of State for Foreign Affairs to Mr. O'Beirne's telegram No. 162 of the 26th May regarding the supply of arms by the Imperial Bank to the Persian Government.

As Sir E. Grey is aware, the security of the southern roads is a matter in which Indian commerce is interested, and the Persian Government have stated that the only assistance that His Majesty's Government could give in restoring it would be in arms and money. The Russian Government, however (to whom the matter has been mentioned, and who had not responded to a similar application made some time ago to themselves), appear disposed to put the question on one side.

I am to suggest, for Sir E. Grey's consideration, that—no less in justice to Persia than in the interests of our commerce—it should not be allowed to drag on without a decided effort to bring it to a favourable issue, and to avoid such untoward consequences as followed the long delay on the part of Russia in the matter of the joint advance of 400,000l.

Lord Morley would suggest that it might be pointed out to the Russian Government that the state of Southern Persia has—since the attack on the British consul—attracted considerable attention in the press, and is likely to be brought forward when Parliament meets early this month. With every desire to work with Russia, His Majesty's Government would be in an indefensible position if it were shown that an application for the only assistance that would enable the Persian Government to remedy this state of affairs had been made to a British institution, but that compliance with it had been postponed or refused at the instance of His Majesty's Government in the interests—it would be said—of another Power and to the detriment of our own. The position would, of course, be altered if the Russian Government were willing now to grant the request referred to in Mr. Marling's telegram No. 227 for a supply of arms, made to them by the Persian Government.

I am, &c.

R. RITCHIE.

[19805]

No. 496.

Sir G. Louther to Sir Edward Grey.—(Received June 3.)

(No. 103.)

(Telegraphic.) P.

Constantinople, June 3, 1910.

SHEIKH of Mohammerah.

I have received following telegram from Mr. Crow :—

"I consider action of Bushire and Tehran in delaying sheikh's reply most injudicious. The vali has now returned, and the sheikh is anxious to reply as Wilson arranged. I am glad to say that sheikh gave up four criminals yesterday with a

courteous letter, and I hear they have arrived at Bussorah. Wilson cannot remain away any longer, and goes back to Mohammerah to-day. I think we ought to be permitted to settle the question locally in accordance with the suggestions of the Foreign Office.

[19981]

No. 497.

Messrs. Boulton Brothers and Co. to Foreign Office.—(Received June 4.)

Sir,

39, Old Broad Street, London, June 3, 1910.

WITH reference to the interview Mr. Boulton had with Sir Charles Hardinge to-day at the Foreign Office, and the information which was then discussed regarding certain Persian financial proposals, we should like to take this opportunity of informing you that we shall be glad to open negotiations for a loan, having the approval of the English and Russian Governments, at such time as may be deemed opportune by the Government.

We remain, &c.

BOULTON BROTHERS AND Co.

[20000]

No. 498.

Mr. Marling to Sir Edward Grey.—(Received June 4.)

(No. 247.)

(Telegraphic.) R.

Tehran, June 4, 1910.

MY immediately preceding telegram [of 2nd June]. Darab was captured by Russians 3rd June.

[20001]

No. 499.

Mr. Marling to Sir Edward Grey.—(Received June 4.)

(No. 248.)

(Telegraphic.) P.

Tehran, June 4, 1910.

CONSULAR escort at Bunder Abbas.

With reference to your telegram No. 176 of the 31st May, I have the honour to report that His Majesty's consul at Bunder Abbas sees no reason why the extra men should not be withdrawn, and that I am therefore authorising their return to India without delay.

[18938]

No. 500.

Foreign Office to India Office.

Sir,

Foreign Office, June 4, 1910.

WITH reference to your letter of the 14th October last, relative to the Turco-Persian frontier question in its relation to the possessions of the Sheikh of Mohammerah, I am directed by Secretary Sir Edward Grey to transmit to you herewith copy of a despatch from His Majesty's consul-general at Bushire on the subject.*

In this despatch Colonel Cox encloses a copy of a letter from the acting British consul at Mohammerah, urging that, in the event of this question being raised, which in present circumstances might easily happen, His Majesty's Government should declare in favour of the line as locally recognised by Turkish as well as Persian authorities, and reject that traced by the Mediating Commission in 1850.

It will be seen that Colonel Cox supports the plea advanced by Mr. Wilson in this letter, but that he disclaims all desire that steps should be taken to raise the question, an attitude which is in accordance with that adopted by His Majesty's Government as regards the latter point.

As regards the former point, I am to observe that, in considering this question, the fact that the Turkish Government are in possession of a copy of the map of 1850

* No. 438.

must not be overlooked, and that it follows from this that the line therein laid down could only be modified as the result of an agreement with Turkey.

Of this fact Colonel Cox's despatch does not take account, and I am to state that Sir E. Grey would propose, with Viscount Morley's concurrence, to draw his attention to it, and to inform him that His Majesty's Government adhere to the decision already conveyed to His Majesty's Minister at Tehran in Sir E. Grey's despatch No. 146 of the 27th October last.

He would further point out to Colonel Cox, with reference to the contention advanced in the third paragraph of his despatch to Mr. Marling, that the fact of the line of 1850 throwing the sheikh's residence and court-house at Failia into Turkish territory constitutes a ground for supporting the locally recognised line; that as early as that year Sheikh Jubir of Mohammerah possessed a fort, if not a residence, at the same place, on the destruction of which, with that of another fort, the Commissioners insisted, on the ground that it rendered freedom of navigation to Bussorah uncertain.

As regards the request made by Mr. Wilson in paragraphs 11 and 12 of his letter to be furnished with copies of the original maps prepared by the Mediating Commissioners in 1851, and that reference may be made to Sir A. Kemball's working maps, I am to state that the former were lost in an accident which occurred at the mouth of the Thames to the ship which was bringing them to England, and were never recovered, and that a careful search in the archives of His Majesty's Embassy at Constantinople has failed to discover any trace of the latter.

Sir E. Grey would propose to instruct Colonel Cox so to inform Mr. Wilson.

I am, &c.

W. LANGLEY.

[19375]

No. 501.

Foreign Office to India Office.

Sir,

Foreign Office, June 4, 1910.

WITH reference to your letter of the 9th April relative to the debts of the Persian Government to His Majesty's Government and to the Imperial Bank of Persia, I am directed by Secretary Sir Edward Grey to transmit to you herewith copy of a letter from the Treasury,* stating that, in view of the agreement recently concluded by the bank with the Persian Government, it is presumed to be unnecessary at present to make any payment from the Imperial Exchequer to the Government of India, but that, should a further default occur on the part of the Persian Government, the Lords Commissioners will be prepared to ask Parliament to vote a sufficient sum to make good the share of the loss which the Imperial Government have undertaken. They are, however, of opinion that it would be well to defer making any announcement on the subject to Parliament till such default has actually taken place.

I am to enquire whether the proposed arrangement meets with the concurrence of Viscount Morley.

I am, &c.

W. LANGLEY.

[20017]

No. 502.

Mr. Marling to Sir Edward Grey.—(Received June 6.)

(No. 63.)

Sir,

Tehran, April 26, 1910.

I HAVE the honour to enclose herewith, for transmission to the Admiralty, copy of a despatch which I have received from His Majesty's late acting consul at Shiraz, bringing to my notice the services rendered by the Maxim detachment from His Majesty's ship "Sphinx," under the command of Lieutenant Lang, R.N., since the dispatch of the detachment from Bushire to Shiraz in July last.

I venture to express my concurrence in Mr. Bill's suggestion that the excellent behaviour and bearing of the men in question deserves special recognition.

I have, &c.

CHARLES M. MARLING.

* No. 471.

Enclosure in No. 502.

Acting Consul Bill to Sir G. Barclay

Sir,

Shiraz, April 2, 1910.

ON relinquishing charge of His Majesty's consulate at Shiraz, I feel it my duty to request you to take such steps as may appear to you desirable to bring to the favourable notice of the Admiralty the services rendered by the Maxim detachment from His Majesty's ship "Sphinx," under the command of Lieutenant Lang, R.N. It would seem possible that these services may be somewhat obscured by the fact that the crisis of July last eventually passed over without bloodshed, and I have consequently thought it all the more desirable to emphasise the severe hardships entailed by their forced march to Shiraz in the height of the summer. They set out almost at a moment's notice, and marched every night for a week, being kept on the *qui vive* the whole time by the possibility of an attack, the heat meanwhile being so severe that two of the Mahratta sepoy succumbed to heatstroke, and the road one of the most trying in the world. Under these circumstances, I venture to suggest that this march was an unusual feat of endurance, for which the detachment deserve particular credit. Their behaviour since they have been in Shiraz has been exemplary, a most important point in view of their peculiar position here, and the touchy condition of Persian feeling on the subject of the presence of foreign forces. For this last satisfactory result I understand that credit is largely due to the tact and discretion of the non-commissioned officer of the party, Lance-Sergeant Delahaye, R.M.L.I., whose name I venture to bring forward as deserving of substantial recognition. I would also especially mention the armourer's mate, Thomas Keen, who has been indefatigable in doing work of every kind, both for the consulate and the European colony. He has in particular performed several repairs of a delicate nature for the Russian consulate-general; and I have taken the opportunity to have the rifles of the consulate escort thoroughly overhauled by him, and a number of minor repairs carried out.

I have, &c.

J. H. BILL.

[20018]

No. 503.

Mr. Marling to Sir Edward Grey.—(Received June 6.)

(No. 64.)

Sir,

Tehran, April 26, 1910.

I HAVE the honour to enclose herewith, for transmission to the India Office, copy of a despatch which I have received from His Majesty's late acting consul at Shiraz, bringing to my notice the services rendered by the detachment of the 110th Mahrattas under Subedar Khandoo Jadhov since their dispatch from Bushire to Shiraz in July last.

I venture to express my entire concurrence in Mr. Bill's recommendation that the behaviour and bearing of the men in question merit special recognition.

I have, &c.

CHARLES M. MARLING.

Enclosure in No. 503.

Acting Consul Bill to Sir G. Barclay.

(No. 17.)

Sir,

Shiraz, April 2, 1910.

ON relinquishing charge of His Britannic Majesty's consulate at Shiraz, I feel it my duty to request you to take such steps as may appear to you desirable to bring to the favourable notice of the Indian Government the services rendered by the detachment of the 110th Mahrattas under Subedar Khandoo Jadhov. It would seem possible that these services may be somewhat obscured by the fact that the crisis of July last eventually passed over without bloodshed; and I have consequently thought it all the more desirable to emphasise the severe hardships entailed by their forced march to Shiraz in the height of the summer. They set out almost at a moment's notice, and marched every night for a week, being kept on the *qui vive* the whole time by the

[1722]

3 T

possibility of an attack, the heat meanwhile being so severe that two of the sepoys succumbed to heatstroke, and the road one of the most trying in the world. Under these circumstances, I venture to suggest that this march was an unusual feat of endurance, for which the detachment deserve particular credit. Their behaviour since they have been in Shiraz has been exemplary, a most important point in view of their peculiar position here, and the touchy condition of Persian feeling on the subject of the presence of foreign forces. For this satisfactory result I consider that the credit is mainly due to the Subedar, who may, I hope, be considered to deserve some especial recognition.

I have, &c.
J. H. BILL.

[20010]

No. 504.

Mr. Marling to Sir Edward Grey.—(Received June 6.)

(No. 65.)
Sir,

Tehran, April 26, 1910.

WITH reference to Sir G. Barclay's despatch No. 116 of the 4th June, 1909, I have the honour to report that I learn from a despatch which I have recently received from His Majesty's acting consul-general at Bushire that the local director of customs at that place has received orders to refund the passport fees to persons who on proceeding to Balirein were hitherto compelled to take out passports identical with those issued to persons proceeding to a foreign country. They are now to be granted a pass as if going to a Persian port. This step would seem to be a fresh attempt to claim Persian sovereignty over the island.

I do not propose, however, to make any protest on the subject unless you should instruct me to do so.

I have, &c.
CHARLES M. MARLING.

[18142]

No. 505.

Mr. Marling to Sir Edward Grey.—(Received May 23.)

(No. 67.)
Sir,

Tehran, May 2, 1910.

WITH reference to my telegram No. 204 of yesterday's date, respecting the financial negotiations which have been proceeding between the Persian Government and M. Maurice Cohen, I have the honour to transmit herewith copies of the agreements in question.

It will be seen in Enclosure 1 that the Persian Government give to the group represented by M. Cohen the option for a loan of 200,000,000 fr., guaranteed on the customs and, should they prove insufficient, on the telegraphs.

In the second document M. Cohen undertakes that the minimum rate of issue shall be 88 per cent. and the maximum rate of interest 5 per cent., and that these conditions shall in no case be made less advantageous.

Enclosure 3 gives M. Cohen a commission of $\frac{1}{2}$ per cent. on the sum of the loan, or, should the Persian Government refuse to conclude the contract, an indemnity of 20,000 fr.

I have, &c.
CHARLES M. MARLING.

Enclosure 1 in No. 505.

Agreement between the Persian Government and M. Cohen.

ENTRE le Gouvernement persan, d'une part, et M. Maurice Cohen, domicilié à Paris, 54, Rue de Bassano, se présentant comme délégué d'un groupe de banquiers à Paris qui s'offrent d'avancer au Gouvernement persan une somme de 200,000,000 à 250,000,000 de francs, d'autre part, il a été convenu ce qui suit :—

M. Cohen déclarant que ses commettants sont prêts à s'engager à écarter toutes sortes de difficultés que les Puissances étrangères liées avec la Perse par des traités ou

conventions de commerce ou financiers pourraient opposer à l'émission de l'emprunt, le Gouvernement persan, prenant acte de ces déclarations, accorde aux banquiers représentés par M. Cohen l'option d'un emprunt jusqu'à concurrence de 200,000,000 de francs or, garanti par les revenus des douanes et, en cas d'insuffisance, sur ceux des télégraphes, dont les conditions seront proposées, débattues, et réglées par une mission spéciale nommée par le Gouvernement persan et ratifiées par ce dernier.

Cette option est valable pour une durée de quatre mois datant du jour où la mission fera savoir à M. Cohen son arrivée à Paris.

La mission devra s'être rendue à Paris un mois après la signature du présent contrat.

Fait en double exemplaire, à Téhéran, le 7 avril, 1910.

VOSSOUGH-ED-DOWLEH.
MAURICE COHEN.

Enclosure 2 in No. 505.

Declaration by M. Cohen.

JE soussigné, Maurice Cohen, domicilié 54, Rue de Bassano, à Paris, déclare que l'option d'emprunt qui fait l'objet d'un acte séparé en date de ce jour a été accordé sur la base des conditions suivantes, qui ne pourraient en aucune façon être dépassées par les banquiers représentés par moi :—

Taux d'émission minimum, 88 pour cent.
Taux d'intérêt maximum, 5 pour cent.

Téhéran, le 7 avril, 1910.

MAURICE COHEN.

Enclosure 3 in No. 505.

Agreement between the Persian Government and M. Cohen.

ENTRE le Gouvernement persan, d'une part, et M. Maurice Cohen, domicilié à Paris, 54, Rue de Bassano, d'autre part, à la conclusion définitive de l'emprunt dont option a été accordée aux financiers représentés par M. Cohen, par un contrat en date de ce jour, il sera accordé à celui-ci une commission de $\frac{1}{2}$ pour cent sur la somme prêtée au Gouvernement persan.

Cette commission devra lui être remise par les banques avant tout envoi de fonds en Perse et sur le vu du présent contrat.

Dans le cas où les banquiers représentés par M. Cohen, ayant accepté les conditions du Gouvernement persan proposées par la mission, et que toutes sortes de difficultés relatives à l'émission de l'emprunt ayant été écartées par les banquiers, le Gouvernement persan refusait pour une raison quelconque de le conclure, il serait accordé à M. Cohen une somme de 20,000 fr. pour l'indemniser de ses frais.

Fait en double exemplaire, à Téhéran, le 7 avril, 1910.

VOSSOUGH-ED-DOWLEH.
MAURICE COHEN.

[20020]

No. 506.

Mr. Marling to Sir Edward Grey.—(Received June 6.)

(No. 68.)
Sir,

Tehran, May 9, 1910.

WITH reference to my telegram No. 197 of the 29th April, I have the honour to transmit herewith copy of a report by Mr. J. H. Bill, recently His Majesty's acting consul at Shiraz, giving details of the outrage on his party near Shulgistan on the 15th April.

The unfortunate issue of the affair is apt to make one question the prudence of Mr. Bill's action in attacking the robbers, but he has assured me more than once since he has been in Tehran that he is convinced that had he not done so he would have been

attacked later by the main body of brigands in a spot where they would have had every advantage of position and good cover, and that in similar circumstances he would again take the same action.

I have, &c.

CHARLES M. MARLING.

Enclosure in No. 506.

Report by Mr. Bill.

I LEFT Shiraz for Ispahan on the 4th April. The party accompanying me consisted of Jemadar Dost Muhammad Khan, with twelve sowars of the 18th Tiwana Lancers, forming part of the Ispahan consular escort, and four Persian Cossacks under Vakilbashi Vakil Hussein. The latter were told off at Shiraz to accompany me to Abadeh, but at the latter place telegraphic orders were obtained for them to continue the journey with me as far as Ispahan. My caravan was also accompanied by Prince Mukhatib-ed-Dowleh, late superintendent of telegraphs, and for a short time deputy governor at Shiraz, but his party contained nothing of military value.

Although travelling on the main caravan route of Fars, we did not see a single caravan between Shiraz and the Fars border, and the stories of wholesale robbery, especially of cattle and sheep, which we heard at practically every stage, were materially confirmed by the circumstance that the villagers in several places were found to have deserted the village sites and to be living in the caravanserais. The post which left Shiraz two days after us was stopped no less than four times in one stage, and in two places south of Dehbid we were told that the road was blocked by robbers, although, if there, they made no sign. The stories of danger grew more serious as we approached Abadeh, and at that place I had two prolonged consultations with the sarhang of Cossacks, deputy governor, as to the real state of the dangerous stretch in front, from Abadeh to Aminabad, which has been the scene of so many serious robberies of British and other goods within the last few years. The sarhang declared that the Boir Ahmadi marauders were moving in bands of 150 and 200, and had recently held up a party of four Cossacks, wounded two of them, and taken their arms, and for this reason he strongly urged me to remain a day or two at Abadeh while he collected reinforcements.

The forces with which he was in a position to furnish me at the moment were the following, who did eventually accompany me: twelve local sowars under Abbas Khan, the person in charge of the road from Abadeh to a tower half-way between Shulgistan and Yezdikhast, and twenty-five local tufangchis.

Under ordinary circumstances, it would obviously have been wise to fall in with the sarhang's suggestion, especially as we carried a load of Government rifles which would doubtless be a powerful bait for the tribesmen, but very little questioning showed that he had not the slightest idea where to procure the proposed reinforcements, while, on the other hand, it was reasonable to suppose that on the least symptom of timidity on our part, the Kubgheln would at once be encouraged to block our road in irresistible force, as the incident of the Russian robbery last December clearly proved to be possible. For further proof of the sarhang's inability to furnish reinforcements, I attach in original his letter written after the attack on our caravan, in which he proposes to procure tufangchis from Baonat, a district not under his own jurisdiction, and distant, at its nearest point, at least 70 miles from Abadeh.

It was clear, therefore, that the only real choice lay between (a) waiting at Abadeh for the possible arrival of the new Governor-General of Fars, who had not then reached Ispahan, and of whose further progress or intentions nothing whatever was known; and (b) going on immediately, in the hope that the robbers would be intimidated by the number of disciplined men accompanying the caravan. The former cause seemed to me quite out of the question; our stay at Abadeh would certainly have been prolonged, and there was no real certainty that the new Governor-General would come at all; meanwhile we should have been the laughing-stock of the district, and if we had been compelled eventually to proceed before the arrival of the Governor-General, we should have had to meet an almost certain attack with much diminished prestige.

For those reasons I decided on proceeding immediately, making up my mind at the same time that our only chance, if attacked, was to repel the robbers with great vigour at the outset, so as to deter them from awaiting our arrival in the dangerous ground near Yezdikhast, where they could easily surround the caravan. We accordingly left

Abadeh on the 14th April, 1910, for Shulgistan, accompanied by the local levies already enumerated, and three additional Persian Cossacks, who had orders to return from Yezdikhast. The Persian post had come in the previous evening with Mr. Gonsalves, clerk, His Majesty's consulate, Ispahan, and was reported to me both that night and next morning to be leaving about two hours after us, so as to arrive at Shulgistan shortly before us. Unfortunately, I credited this statement and told Mr. Gonsalves he could come on with the post, and also left my own personal servant behind with the same object, his pony having developed a sore back.

We arrived at Shulgistan about 1 P.M., having seen nothing of the post wagon, and it did not arrive in the course of the day. By the evening I had become anxious as to the fate of Mr. Gonsalves and my servant, and I wrote to the deputy governor, asking him to let me know if anything had happened to the post, and if the members of our party were still in Abadeh to send them on without fail by any method he might prefer so as to reach Shulgistan in time for me to march to Yezdikhast next day. The following morning I waited for the reply until about 9 A.M., and then, nothing being visible in the direction of Abadeh, I decided to return there in order to make sure of the safety of the two left behind. Being afraid to leave anything unguarded, I took the entire caravan with me. About half-way to Abadeh, Mr. Gonsalves with my servant and two Cossacks were found in a tower by the side of the road, where they had taken refuge on seeing a number of robbers on the right side of the road, at some distance. From this tower we returned towards Shulgistan.

On reaching a point about 10 miles from the village, I observed some horsemen in some broken ground at the foot of a steep hill, the lowest point of which was about a mile from the point where we then were. The horsemen were certainly not more than six in number, but as they kept dodging about in the foothills it was never possible to see them all together. It was clear enough, however, that either they were out by themselves or they were the scouts of a larger body. In the former case it might be expected that they would have nothing to say to our caravan, but in the latter they would presumably attempt to delay us, or at least to draw our fire. They did in fact open fire at an impossible range for their guns (I made it about 1,700 yards), and were at once answered by Abbas Khan, the chief of the local levies, with a gun which might perhaps carry 500. I did not return their fire until they had come up level with the rear of the caravan, and were distant about 1,200 yards. One man came out clear of the foothills to about 1,000 yards distance, and the sowars and myself fired a number of shots at him. None took effect, but the party turned off, apparently intending to go away up a side valley, and we rode on. Immediately afterwards, however, our friends reappeared, and repeated the same tactics, riding along parallel with the caravan, and repeatedly firing at long range.

As they had now advanced about 2 miles from the ridge over which they had originally appeared, and there was still no sign of any main body following them, I decided that this was a good opportunity to give them a sharp lesson, and gave the word to go in chase of them. We were divided into two parties, the jemadar being in front of the caravan with ten sowars (two of whom were left in charge of the caravan), and I in the rear of it with two sowars, four Cossacks, and my orderly, Saggur Khan, of the 34th Poona Horse. The jemadar sent me a message proposing to try and gallop across the front of the robbers, and corner them against the steep hill mentioned above, if I would cut off their retreat (and incidentally get between them and the main body, which I still expected to see coming up in the rear of the caravan). I sent a message in reply approving the proposal, but directing the jemadar, if he should fail in getting round the robbers, on no account to pursue them beyond the slope of the hill towards which we were then riding, i.e., not to get out of sight of the caravan.

As soon as they grasped our intention, the robbers rode away as hard as they could directly at right angles to the caravan road, skirting the steep hill, and after a hard gallop we succeeded in cornering two only, whose horses were in very inferior condition. As we came near them we came in full view of, presumably, their main body, which I had been expecting to see arrive from the direction of Abadeh. I estimated them at about forty mounted men; they were distant, I think, about 2 miles, and were descending the side valley up which our robbers were trying to escape. They were thus coming straight in our direction, and I considered for a moment the desirability of recalling the party. But I had no idea that these robbers would not surrender when surrounded.

I thought it very undesirable, and, indeed, very dangerous, to leave them unhurt so close to our rear, and I thought we should have ample time to capture them and get away out of the broken ground before their friends could come up. The two

men whom we had cornered against the hill fired at the advance party at some distance as they came on, but ceased firing when the advance party were within about 300 yards, and stood (they had been leading their horses) with rifles ready, but not firing. I thought they were about to surrender, and slackened pace slightly, when I saw one of them deliberately level his gun at Naik Muhammad Khan and shoot him dead at about 50 yards. I was then about 150 yards from the robbers, and at once galloped in, shouting to the sowars to dismount and shoot them. Unfortunately there was a very strong wind blowing from them to me, and I saw at once that they could not hear. I consequently dismounted myself about 70 yards from the man who had shot Muhammad Khan, and fired at him with my Mauser pistol, hoping the sowars would do the same. I unfortunately failed to knock him over, and he immediately afterwards shot Sowar Ghulam Muhammad Khan, who was riding in on him with his lance, at about 25 yards. Sowar Muhammad Khan, who was next behind Ghulam Muhammad Khan, then dismounted and shot the man in the leg. I saw him fall, and turned my attention elsewhere. I found that the other robber had had three shots at the jemadar as he rode in on him, but had providentially missed him, and the jemadar had cut him down with his sword. The man was then run through with a lance by Naik Muhammad Khan, and was quite dead when I saw him.

Of our two men the Naik was killed instantaneously, a Martini bullet entering his thigh and apparently being deflected into his vitals, as there was no point of exit. The sowar was still living, but had been shot through the neck, and the carotid artery was practically destroyed. I held the artery for about a minute, when he died. We then tied the dead men on horses behind the jemadar and a sowar, took the robbers' horses, and started on the return march. As I was mounting I distinctly saw the man who had killed our two men sit up and look at us. The sowars had then gone on a short distance, and I did not know whether the man's gun had been removed, so I took my shot-gun and killed him from about 30 yards, and then discovered that his gun had been removed (by Sowar Muhammad Khan, who had thought him dead).

The main body of the enemy fired a few shots at very long range, and one of the sowars reported that two bullets fell near him, but they soon desisted, and left us alone. On reaching the road we found that there was no one with the caravan, which had gone on some distance towards the village, except the two sowars who were told off to stay with it, and they reported that all the Persians, including the Cossacks from Abadeh, had left the caravan and gone on towards Shulgistan as soon as we had started after the robbers. They returned in dribbets as we advanced towards the village, but their conduct shows clearly enough what measure of support was to be expected from them in the event of a serious attack on the caravan. Our men were buried the same afternoon on a slight eminence outside the village of Shulgistan, close to the main road, where I hope Government will defray the cost of erecting a handsome stone.

With reference to the identity of the robbers, it was impossible to obtain any certain information. I should have photographed them but for the necessity of effecting our retreat with as little delay as possible. The general belief, however, was that they were Boir Ahmadi Kuhgelu.

We received a number of alarmist reports in the course of the day, and by the evening it was clear that the Persians were thoroughly frightened. I sent a telegram to Abadeh for dispatch to Ispahan and Shiraz at 4 P.M., and a duplicate at 10 P.M., and with the latter I enclosed, more to tranquillise the Persians than with any other object, a strong request for reinforcements to the governor of Abadeh. Next morning I received from him the enclosed letter, with one to Abbas Khan, in which he stated that he understood that there were 2,000 or 3,000 (!) robbers between us and Yezdikhast, and also gave Abbas Khan various instructions in the event of his reaching that place in safety. It was, consequently, pretty clear that nothing was to be expected from him, and we should have to rely on what we had. Abbas Khan was somewhat reluctant to start, but no one positively refused, and we duly set off, and reached Yezdikhast without seeing anything of the robbers.

The above is the narrative of this incident, and it only remains to offer a few remarks upon several aspects of it. In the first place, I have great pleasure in reporting that the behaviour of the sowars was splendid throughout. In this connection I am disposed to lay less stress on the attack, although they all galloped straight in without hesitation on two men who were armed and at bay, than on the retreat, which was conducted with the utmost steadiness, although it was necessary, on account of the difficulty of carrying the dead men, to go very slowly, and although all were aware of the neighbourhood of a strong body of the enemy. All without exception were perfectly cool and did the right thing.

I am strongly of opinion that it was only their conduct on this first occasion of contact with the robbers that saved us from a very much more serious attack in bad ground the next day, and that this tribe at least will regard parties escorted by our sowars with considerable respect in future. The Persians of our party were undoubtedly impressed, especially by our bringing away the dead. I venture to think that the conduct of these sowars merits some special form of recognition, which I earnestly hope the Government of India may be pleased to grant them. I would especially mention the Jemadar Dost Muhammad Khan, and, although where all did so well it is difficult to distinguish, Sowar Muhammad Khan and Naik Murad Khan, more for the good fortune that gave them the opportunity of becoming prominent by actually killing the robbers than because they showed greater gallantry than the rest. Jemadar Dost Muhammad Khan has already served with distinction in South Africa, where he gained the Indian Order of Merit and two medals with eight clasps, and on the frontier (medal with three clasps).

I am sure that if there is any decoration which can be awarded for his services on this occasion, it will be both thoroughly merited and more appreciated by the recipient than any other possible form of recognition. The same of course applies to the sowars, although it must be remembered that they were following the jemadar's lead. I am confident that the whole party will receive some form of substantial reward, and I hope there may be some special promotions. On this point it may not be out of place to remark that, although I am myself perfectly confident that the course adopted by me in attacking the robbers without waiting for them to come to close quarters was in reality the safest that could have been taken under the circumstances, and that it did in fact save us at least from a very grave danger of complete disaster, it is possible that it may be considered to have been too rash and hazardous. In that event I must emphasise the fact that the whole responsibility for the course pursued rests entirely upon myself, and the jemadar and sowars were merely carrying out, in my opinion with great gallantry, the orders given by me. These latter, moreover, were the outcome of a considered resolve which I had already formed at Abadeh and explained to the jemadar, and not of any hasty decision on the spur of the moment.

I am especially anxious that the services of the Cossack Vakillbashi, who was by my side throughout and made himself very useful indeed, and the three men under him, who accompanied me from Shiraz, should receive a thoroughly adequate recognition. In this connection I would recall the fact that the two Persian Cossacks who were wounded in M. Passek's party last December received, although their wounds were mere flesh wounds, the large sum of 250 tomans each, and those who were with the party, but were not wounded, received a smaller sum which I have forgotten. Some, if not all of them, received promotion in addition. I am of opinion that these rewards were excessive, but at the same time it is most undesirable that any invidious comparisons should be made by the Cossacks between their treatment by the Russian and the British Governments respectively under analogous circumstances. I hope, therefore, that it will be possible to obtain for the Vakillbashi a step in promotion which he unquestionably deserves, with or without a monetary reward, and for the Cossacks a substantial reward in cash.

I would urge also the desirability of issuing to consulates in Persia, for use on similar duty, a supply of cartridges with some pattern of man-stopping bullets. The man who killed our sowars had, I think, five bullet wounds. I had no time to examine closely, and one or two may have been exit marks, but five bullet marks I myself saw. I am sure that only two bullet wounds were received by him after he fired at Sowar Ghulam Muhammad Khan, and it is a fair inference that if our rifles had been loaded with man-stopping bullets of some kind, certainly one, and possibly both of our sowars would be alive now. Considering that these human vermin whom our men have to meet are usually, as in this case, armed with Martinis, it is a decided handicap to furnish the latter with weapons which have no stunning effect on these hardy tribesmen unless they happen to strike a vital part.

In conclusion, I venture to hope that the sums paid by me according to the annexed schedule as rewards to the Cossacks and local levies who accompanied me, may be refunded to me by Government. It seems a large sum, but I had with me from Shiraz to Abadeh four Cossacks, from Abadeh to Yezdikhast in addition three Cossacks, twelve mounted and twenty-five unmounted levies, and from Yezdikhast to Aminabad ten mounted and twenty unmounted levies, and it was clear enough that the latter required some exceptional stimulus to make them start at all. Of course their presence would, I imagine, have been of no practical advantage whatever in the event of a serious engagement, but it was absolutely necessary to have them with us, in order to deprive the Persian Government of an obvious excuse in the event of any disaster occurring.

Further, although I was of course on leave and not on duty during this journey, it was necessary for the sowars to return to Isfahan, and under the circumstances it was at least desirable that they should be accompanied by a British officer. In view of the anxious and responsible position into which I was forced by the state of the road, I should be much gratified if the Government of India should see fit to reckon the period occupied by this journey (4th to 20th April) as service and not as leave.

SCHEDULE.

	Krans.
4 Cossacks, Shiraz-Isfahan, 16 days, at 5 krans per man per day ..	320
3 " Abadeh-Yezdikhist, 3 days, at 5 krans per man per day ..	45
12 sowars and 25 tufangchis, Abadeh-Yezdikhist, 3 days ..	400
10 " 20 " Yezdikhist-Aminabad, 1 day..	50
Total	815

Outrage on Mr. Bill's Caravan, Shulgistan, April 15, 1910.

From Deputy-Governor, Abadeh, to Mr. Bill.

(Translation.)

[No date.]

I WOULD represent to the consul that I repeatedly pointed out to you that the road is bad, (and asked you) to wait one day in Abadeh that I might get a number (of men) from Bolnat and other places. You did not accept, and went on, and now a great deal of trouble has resulted from this incident. I would again request you now that this calamity has taken place to wait a day or two in Shulgistan so that I may send a telegram to-morrow morning to Isfahan, and that a number (of men) may come for your departure because in view of this incident your departure to-day is very difficult.

[20023]

No. 507.

Mr. Marling to Sir Edward Grey.—(Received June 6.)

(No. 71.)

Sir,

Tehran, May 14, 1910.

WITH reference to my telegrams No. 194 of the 28th April and No. 207 of the 2nd May, I have the honour to report that the question of the right of the Sheikh of Mohammerah to lease land on Abadan Island to the Anglo-Persian Oil Company was first alluded to by Sardar Assad in conversation with His Majesty's Minister shortly before my arrival here, and was again brought up by him, but in a much more definite manner, at an interview which Mr. Churchill had with him on the 29th ultimo. The Minister of the Interior spoke in a peremptory tone, and demanded to be supplied with full particulars of the transaction. He asserted that Sardar Arfa had no right to lease or sell land, as it all belonged to the State, and stated that the Persian Government were about to appoint a commission to go to Mohammerah to investigate the transaction and assess the amount for which Sheikh Khazal was liable to the Government on account of State lands leased or sold by him. The Government would have no difficulty in dealing with the sheikh, forcibly if necessary, and they could even dismiss him and appoint another chief in his place. In reply, Mr. Churchill warned the Sardar Assad against taking any action that might be prejudicial to the company's interests, and hinted also that perhaps His Majesty's Government might have some understanding with the sheikh by which he would be entitled to their support against the Persian Government.

Your telegram No. 115 of the 28th April reached me just at the moment when the restoration of the old Cabinet, in spite of the strenuous opposition of the two legations to the retention in it of Sani-ed-Dowleh, and the openly defiant attitude of Sardar Assad rendered a certain degree of aloofness on the part of the legation desirable, and instead of sending Mr. Churchill to give Sardar Assad a strong warning, I thought it better to act through Mr. Preece, who arrived recently in Tehran, and whose past relations with the Bakhtiari made it easy for him to convey a message from me.

Mr. Preece accordingly saw Sardar Assad on the 2nd instant, and pointed out that

under the terms of the concession the oil company were entitled to conclude arrangements with Persian subjects for the acquisition or lease of land without the interference of the Persian Government, that the concessionaires had recently agreed to pay 5,000*l.* to the Bakhtiari in connection with the agreement to acquire land for the laying of the pipe line without the Persian Government being consulted, and throughout the history of the oil concession both the Bakhtiari khans and the legation had always held that the dealings between the former and the company in no way came under the control of the Persian Government. The legation held the same view in the present case, and Sardar Assad, as a Bakhtiari, could not hold the opposite. Mr. Preece added that, as a friend, he could tell Sardar Assad that His Majesty's Government would not allow any interference with the Sheikh of Mohammerah that might create complications for the oil company. Sardar Assad, whom Mr. Preece thought had been to a considerable degree sobered by the warnings I have recently had to send him of the danger to his own position if he persisted in his unfriendly attitude to His Majesty's Government, professed to acquiesce in these views, and promised that the Persian Government would take no further action in the matter, and that the commission mentioned above would not go to Mohammerah.

I will not fail to take a favourable opportunity to give a similar warning to the new Minister of the Interior.

There can be no doubt that the object of Sardar Assad in desiring to raise this question was in the first instance to obtain for himself a part of the moneys advanced to the sheikh either as loan or as rent, but he may also have desired to embroil his tribal enemy with the Persian Government.

As to the title of the sheikh to the lands in question, I have ascertained from His Majesty's consul at Mohammerah that they derive firstly from hereditary occupation, as is the case with the Bakhtiari and other tribes, and secondly from a grant by Imperial firman. The firman explicitly forbids the sale of the lands, so that by inference we may properly assume that they may be leased.

I have, &c.

CHARLES M. MARLING.

[20024]

No. 508.

Mr. Marling to Sir Edward Grey.—(Received June 6.)

(No. 72.)

Sir,

Tehran, May 14, 1910.

TO supplement the information contained in my telegram No. 181 of the 21st April and subsequent messages on the subject of the Hormuz oxide trade, I have the honour to submit a short résumé of the history of the concession, as recounted to me and to Mr. David Brown, Messrs. Strick's agent, by the Vekil-ul-Roaya, the deputy for Hamadan, who in consequence of his high reputation for integrity, capacity and patriotism, has been entrusted by the competent Committee of the Medjliss with the investigation of the Muin-ut-Tujjar's alleged right and the negotiation of the contract with Messrs. Strick.

Vekil-ul-Roaya has also conducted the negotiations for the consolidation and payment of the loans and advances made by the Imperial Bank of Persia to the Persian Government, and both Mr. Rogers and Mr. Brown believe him to be honest and disinterested.

The original lease for the oxide deposits at Hormuz and elsewhere was granted to Malik-ut-Tujjar in 1312 (1896), and was for a period of ten years. Malik-ut-Tujjar died a year later, and it was then disposed of by his heirs to Muin-ut-Tujjar, who, however, only made good his title in 1317 (1901) after protracted litigation with Messrs. Malcolm, of Bushire, who had some kind of claim to it.

In 1320 (1904), rather more than a year before the original concession expired, Muin obtained a second firman from the Shah, and this is the document which he showed to Abbas Kuli Khan in 1907 as granting the concession in perpetuity.

The Vekil-ul-Roaya, however, now explains that this second firman did no more than alter some and confirm others of the provisions of the original firman granted to Malik-ut-Tujjar in 1896, but did not extend it, and that the best proof of this view is precisely that no period is fixed for the lease.

I venture to think that Vekil-ul-Roaya's contention is right; for at all events an examination of the document in question (which like all such Persian instruments, is very loosely worded) in the light of our subsequent knowledge of an earlier unexpired concession, bears out his reading of it at least as well as that of Muin-ut-Tujjar.

[1722]

3 X

That Abbas Kuli Khan should have been misled is not surprising. As just now said, the paper is loosely worded; he had the greatest difficulty in persuading the Muin-ut-Tujjar to allow him even to see it, and the latter entirely declined to allow him to take a copy of it, his unwillingness probably arising from the fear that careful study of it would reveal the flaw and lead to the conjecture of an earlier firman, the production of which he could not avoid and which would have revealed the fact that the concession had at that time expired. At that moment, when, as you may recall, Messrs. Malcolm of Bushire professed their ability to obtain the concession, it was obviously of vital importance to the Muin to keep such information from the knowledge of the legation, who were giving him a measure of unofficial support in the hope that he would carry out his proposal to Messrs. Ellinger to form an English company for the working of the oxide, and so debar the trade from falling into German hands, but who, if aware that his concession had expired, would of course have no further interest in him, but would devote their efforts to secure the business for Messrs. Malcolm and Strick. I have ventured to digress thus far as it seemed necessary to offer some explanation of the circumstances of 1907.

Vekil-ul-Roaya assured me that the whole question had been thoroughly thrashed out by his committee, that the Muin-ut-Tujjar had admitted the facts given above, and although he asserted that he possessed another document which would fully establish his rights, he had declined to exhibit it, as he said it contained something which if it became public would ruin him. The Muin had, indeed, produced what professed to be a copy of the alleged firman, but such a paper was obviously worthless, and the inference was that the signatures were forged. The Muin had consequently been informed that he had no further rights at Hormuz and the other places mentioned in the firmans, since the original concession lapsed in 1906.

I may add that the above account was in general confirmed by M. Mornard, the administrator of the customs, who has had some acquaintance with the question for some time past.

At the conclusion of the interview on the 22nd April, at which Vekil-ul-Roaya gave me this information, I told him that I must have more official knowledge of the decision of the committee that Muin's concession had lapsed in 1906 before I could take cognizance of it, and he then promised that the Minister for Foreign Affairs should address to the legation an official note stating the facts, and that the decision had been arrived at by a legally constituted authority. He asked whether in those circumstances I should consider that the Persian Government would be relieved of responsibility towards Messrs. Weir for the violation of their exclusive contract with the Muin-ut-Tujjar by the sale of oxide to Messrs. Strick. I said that, speaking as a layman, I thought that they would be so relieved, except in so far as the Government were responsible for allowing the Muin to continue to work oxide after 1906, and so induce Messrs. A. Weir to believe that he still possessed rights. The Vekil-ul-Roaya explained this by saying that the original concession had lapsed just at the time when the first great constitutional movement began, and that since then the Government had been in such a state of confusion that the Muin had been able by intimidation or bribery to shut the mouths of the comparatively few persons who knew the real facts. From my own experience of the Muin's methods I can quite believe that the explanation is a perfectly correct one. To the other argument of the Vekil-ul-Roaya, that the 1904 firman was obtained by bribery, I attach very little importance, as in those days every concession involved the payment of heavy sums to influential Ministers and courtiers, and even to the Shah himself.

Muin-ut-Tujjar came to the legation on the same day as Vekil-ul-Roaya, as well as twice subsequently, but though he repeatedly asserted that he had documents to prove his rights he declined to produce them. He was told that the legation had no wish to injure his interests, but having to reconcile conflicting British interests, it was obliged to act in accordance with the balance of evidence, which appeared to be against him; but if he would produce proofs, and not mere assertions, we should give due weight to them.

It was with this information before me that when I received your telegram No. 109 of the 22nd April, I felt some hesitation about renewing the protest against the action of the Persian Government on the steam-ship "Pondo" in violation of Messrs. A. Weir's contract with the Muin-ut-Tujjar, as I feared that to do so might prevent them from proceeding with the negotiations with Messrs. Strick, which at that moment seemed to be approaching conclusion. It appeared to me that in the uncertainty in which we were as to the real facts, it was better if possible to engage the Persian Government in a contract with Messrs. Strick lasting five years, than to endeavour to make safe Messrs.

Weir's interests, which will expire in a much shorter period, i.e., on the 1st April, 1912, while there was the further consideration that in any case these latter were already safeguarded by Sir G. Barclay's note of the 16th April.

Taking all these circumstances into consideration, the best solution appeared to be that Messrs. Strick should obtain the contract with the Persian Government, and simultaneously, if possible, come to some friendly understanding with Messrs. A. Weir. Mr. Brown concurred in this view and laid it before his principals, but at first there seemed to be little prospect of our suggestion being accepted, first because Mr. Strick seemed unwilling, for some reason of which I am ignorant, to approach Messrs. Weir, and secondly because the Persian Government required the insertion in the proposed contract with Messrs. Strick, by which the latter agreed to relieve them of any claim advanced against them by Messrs. Weir for violation of his contract with the Muin, a condition which Mr. Strick declined to accept. It appeared to Mr. Brown and myself, however, that if the Vekil-ul-Roaya's account of the Muin's position was correct, Messrs. Weir's remedy would lie not against the Persian Government, but against the Muin-ut-Tujjar, and that therefore the condition demanded by the Persian Government, but refused by Mr. Strick, was useless, and Mr. Brown consequently endeavoured to induce the Persian Government to adopt this view.

The Persian Government, however, on whom the second protest on behalf of Messrs. Weir, made by myself on receipt of your telegram No. 3 of the 25th April, had made an unfortunate impression, declined to withdraw the condition. To overcome Messrs. Strick's reluctance to accept it, the only feasible step seemed to be to urge the Persian Government to send in the note suggested by the Vekil-ul-Roaya. We argued that if Messrs. Strick, on the faith of that note, concluded the contract with the Persian Government including a clause relieving them of their responsibility towards Messrs. Weir, and the statement was afterwards proved to be false, the clause above mentioned would become *ipso facto* null. Mr. Brown therefore urged this view on Mr. Strick, and simultaneously pressed the Vekil-ul-Roaya to cause the promised note to be sent to me.

A fresh difficulty then arose. In reply to Sir G. Barclay's protest of the 12th April, the Persian Government had stated that "Muin-ut-Tujjar's arrangement with the British firm will be respected," and feeling that the promise made in this note precluded them from making any contract with Mr. Strick, they now desired that the note should be returned. When, however, they learned that the surrender of the note was impossible (and in any case useless, as a copy would be preserved in the legation), they cast about for another way out of this dilemma, and finally, as I reported in my telegram No. 221 of the 9th May, suggested to Mr. Brown that Mr. Strick should be asked to submit the terms on which he would undertake the responsibility for Messrs. A. Weir's claim against the Government or against Muin-ut-Tujjar. Meantime Messrs. A. Weir appear to have approached Messrs. Strick through Messrs. Ellinger (your telegram of the 28th April) for the reconciliation of their conflicting interests—though on what lines I am still unaware—for on the 11th instant Mr. Brown informed me that he had signed a contract with the Persian Government on the following terms:—

The Persian Government sell to Messrs. Strick 30,000 tons of oxide at 40s. per ton free on board, to be taken up 6,000 tons each year for five years from date.

The Persian Government bind themselves to sell exclusively to Messrs. Strick during the term of the contract.

The present contract cancels the previous contract for 5,000 tons at 45s.

In addition to the above 30,000 tons, the Persian Government give Messrs. Strick 1,000 tons free on board, and in return Messrs. Strick accept full responsibility for any claim which Messrs. A. Weir may have against the Persian Government or against Muin-ut-Tujjar on account of their contract with the Muin.

The 30,000 tons are to be paid for as follows: 10s. per ton, or 15,000l., to be paid at once, and the balance 30s. per ton on delivery.

I venture to think that the signature of this contract is on the whole satisfactory, as it secures the exclusive trade in Hormuz oxide in British hands, and this, if my surmise that some arrangement has been reached between Messrs. Strick and Messrs. Weir is correct, without leaving outstanding a claim against either the Persian Government or Muin-ut-Tujjar, which it would undoubtedly have proved a long and tedious matter to recover. On the other hand it is not, of course, so satisfactory as would have been the acquisition of a lease of the island of Hormuz, which would have carried with it the right to work the other minerals which exist there.

I have, &c.

C. M. MARLING.

[20025]

No. 509.

Mr. Marling to Sir Edward Grey.—(Received June 6.)

(No. 73.)

Sir,

Tehran, May 15, 1910.

DURING the last part of April and the earlier days of this month rumours were constantly circulated of the conclusion of financial operations or the grant of concessions by the Persian Government, but neither M. Poklewski nor I have been able to discover any better foundation for them, except, of course, the option given to M. Maurice Cohen, than the presence in Tehran of M. Said Ruete, of the Deutsche Bank, and Mr. Osborne, representing the "International Syndicate."

The former, so far as I know, has done nothing but study the situation with special reference to the opening of a branch of the Deutsche Bank here. He says that he has reported fully to Berlin, and that he has not as yet been empowered to enter into any negotiations. At the same time, he has taken some pains to let me know indirectly that Sipahdar has sent messengers to him secretly suggesting clandestine meetings to discuss the railway concession from Khanikin to Tehran, which he would be quite ready to give if the *quid pro quo* were substantial enough.

Another version of the story is that he received a deputation of the Nationalist party, who offered to force Sipahdar to give him that concession, but M. Ruete told M. Poklewski that he replied to those gentlemen that "he did not care for concessions obtained in that way," and he went on to say that he intended to tell his board in Berlin, whither he is going in a few days, that while he thought that a bank might find business enough to pay its way, the state of the country was so bad that concessions would be unworkable for some years to come.

Then remains the so-called international syndicate, of which a representative—Mr. Osborne—is still in Tehran. He continues to maintain an attitude of complete reserve as to his proceedings, and I am rather disposed to think that he is merely waiting to see if anything will turn up.

The idea of selling the Crown jewels has apparently been shelved for the present, and an attempt is being made to raise an internal loan of 1,000,000*l.* at 7 per cent. on the security of the Crown domains, which are said to bring in 100,000*l.* per annum. A similar attempt, made during the session of the first Assembly, proved a conspicuous failure, and though there are some who are less sceptical than I as to the outcome of the present attempt, there cannot be any doubt as to the difficulties which the promoters of this scheme will have to overcome.

The recommendations of the committee of the Medjliss appointed to examine the question are as follows:—

1. That the proceeds of the loan should be devoted to organisation and reform on lines to be approved by the House.

2. That a committee should be elected composed of members of the House and others for this purpose. Foreign officials might be engaged to form part of this committee or board.

3. That the amount of revenue from Crown lands should be ascertained, and that provision should be made from this source for the amortisation of the capital and payment of the interest on the loan. Should the aforesaid revenue prove insufficient, any deficit to be made good from the passport receipts.

The committee further recommended that loan coupons should be accepted in settlement of amounts due on account of revenue.

4. That the distribution of the bonds and collection of subscriptions throughout the country should be entrusted to the Imperial Bank of Persia, and that subscribers should everywhere make their applications and payments to the local branch or agency of the bank.

5. That a European official should be engaged from abroad as a financial expert to supervise and control the repayment of principal and interest, and to administer the resources assigned for this purpose.

Various rates of interest, from 5 per cent. to 9 per cent., had been proposed, but the committee recommended the adoption of 7 per cent., and that the period should be for twenty years, and that the issue should amount to 5,000,000 tomans, in bonds of 10 tomans each.

I should add, with reference to your telegram No. 132 of the 6th May, that the acting manager of the Imperial Bank of Persia has taken an opportunity of urging on

the Persian Government the undesirability of M. Rabino's appointment as administrator of the internal loan.

I have, &c.

C. M. MARLING.

[20026]

No. 510.

Mr. Marling to Sir Edward Grey.—(Received June 6.)

(No. 74. Confidential.)

Sir,

Tehran, May 15, 1910.

THE Persian Cabinet crisis, which has lasted so many weeks, was terminated on the 29th April by the resumption by the Ministers of their portfolios, except that Sardar Assad and Sipahdar, the Ministers of the Interior and War respectively, exchanged offices, the latter retaining the Presidency of the Council, while the post of Minister of Posts and Telegraphs, held by Sardar-i-Mansur, was abolished.

Sir G. Barclay's despatch No. 45 of the 24th March contains an account of the original causes of the crisis, but after the presentation of the joint note of the 7th April the main question at issue in the formation of the Cabinet was what the future attitude of Persia was to be towards Great Britain and Russia, or, in other words, what reply was to be made to that communication, although other issues, and in particular the personal jealousies of the Persian Ministers, were always present in greater or less degree. On the one side were the violent ultra-Nationalists, headed among the Ministers by Sani-ed-Dowleh and Vossouk-ed-Dowleh, and represented in the Chamber by Taghi Zadeh, who desired to shriek defiance at the tyranny of the two Powers, while on the other were the moderate, leaderless, but rather silent mass of members of the Medjliss, who inclined to the views of Sipahdar and Sardar Assad that it is essential to Persia to be on good and intimate terms with her powerful neighbours. It was generally admitted, moreover, that, without the two last-named Ministers, no Cabinet could be formed that would stand for more than a few days, partly because of the exceptional rôle they played in recent events here, and partly because they are recognised as enjoying the confidence of the two Powers, the former as having Russian and the latter British proclivities. The two Ministers, however, were mistrustful of each other, while the strength of their own position was far from assured, for Sipahdar was alarmed at the threatening clamour of the ultra-Nationalists, who denounced him as the tool of Russia, and Sardar Assad was conscious of the jealousy which the Bakhtiari predominance at Tehran represented in his person had roused among the powerful tribes in the south and south-west of the Empire, and was of course aware that he could not hope for long to conceal from us the fact that he had been privy to, and indeed authorised, the attempts of Sani-ed-Dowleh and Vossouk-ed-Dowleh to raise a foreign loan without our knowledge.

M. Poklewski and I therefore felt that it was imperative to make every effort to bring about the formation of a Cabinet which would include Ministers who could be trusted to give us a satisfactory reply to the joint note of the 7th April, and we used every endeavour to influence Sardar Assad and Sipahdar to compose their own differences and form a moderate Ministry, to the exclusion of the ultra-Nationalists.

The Ministers, however, were painfully conscious of the difficulties of the position, and talked constantly of retiring. Nevertheless, for a few days, the assurances we received from them were fairly satisfactory, though they both professed doubt as to their power to exclude Vossouk-ed-Dowleh; but the information supplied us by the French Minister of the option given to M. Maurice Cohen, of Paris, for a large loan showed that Sardar Assad had gone over to the Nationalists, and at an interview which Mr. Churchill had with him on the 25th ultimo he was frankly defiant. What his motives were it is hard to say. Possibly he had been won over by the Nationalists, for, as I learned about that time, he had had frequent interviews with Taghi Zadeh, but I think it more probable that, in view of the increasingly alarming reports from Southern Persia, he desired to strengthen his position in Tehran by gaining the support of the Nationalists. M. Poklewski and I therefore agreed to send the two dragomans to Sardar Assad, just as had been done in the case of Sani-ed-Dowleh, to warn him of the danger of the course he had embarked upon, and I especially instructed Mr. Churchill to let him understand unmistakably that if he persisted in it he might forfeit the esteem and confidence of His Majesty's Government. The Minister received the warning very coolly, and for the next day or two he showed himself entirely

recalcitrant. The information which M. Poklewski had from Sipahdar also showed that Sardar Assad's defection to the ultra-Nationalists had considerably weakened the former's position, and we have the gravest reason to apprehend the formation of a Cabinet from which Sipahdar would be excluded, or, if included, would have stood alone in advocating compliance with the wishes of the two Powers. Sipahdar had indeed been called upon by the Regent, who seemed to have had some grasp of the situation to form a Cabinet, but had failed completely. M. Poklewski and I, in the circumstances, thought that the essential thing was to bring Sardar Assad back into line, and the best means of bringing the requisite pressure to bear on him appeared to be to threaten him with the withdrawal of the favour of His Majesty's Government from him personally. The boast that he is able to count on our moral support has been a very great asset to him in consolidating his position. He has many enemies, and even in his own tribe there are not a few who are jealous of him, while some of the Bakhtiari khans in Tehran are very apprehensive of the results which his too aggressive policy towards the southern tribes may have for their own tribal interests. A threat to withdraw our countenance from him was thus likely to prove an irresistible inducement to him to reconsider his attitude towards the two Governments, but, on the other hand, I could not leave out of sight the possible ill-effects which such a step might have on our relations with the Bakhtiari, and I, therefore, before assenting to the pressing representations of the Russian Minister of the urgent necessities of the circumstances, telegraphed on the 30th April (No. 202), to ask your authority. But before I received your reply Sardar Assad, from whom the legation had held studiously aloof for some days, and who had been sounding his old friend Mr. Preece as to our feelings towards him, began to show signs of repentance. He was, however, too far committed to the ultra-Nationalists to refuse to enter a Cabinet which included Seni-ed-Dowleh and Vossouk-ed-Dowleh, and, as above reported, the old Ministry was restored almost unaltered.

Although the visits paid to Seni-ed-Dowleh and Sardar Assad by Mr. Churchill and M. Baronowski had been unofficial, the fact that strong pressure had been put by the two legations on those Ministers to influence the formation of the Cabinet was notorious, and the reconstitution of the old Ministry could not but be regarded—and as a matter of fact was universally recognised—as a direct defiance of the two Powers, and M. Poklewski and I at once agreed that we must ask the authority of our Governments to take strong and immediate steps to counteract it, for with our recent experience of Sardar Assad's duplicity and the rest of his colleagues, with the exception of Sipahdar, frankly hostile, we were apprehensive that the Government might enter on some financial arrangement or grant some concession which, though probably valueless in itself, might have proved exceedingly embarrassing later. The restoration of the old Cabinet, however, would appear to have been a piece of bravado to save their face before the ultra-Nationalists, for when M. Poklewski and I called on the Minister for Foreign Affairs on the 4th instant to urge on him the importance for Persia of establishing cordial and intimate relations with the two Powers by giving us an acceptable reply to the joint note, we found that he had been commissioned by the Cabinet to use conciliatory language, and, as you are aware, he fulfilled his promise of sending us a reply by the end of the week.

The Persian note is, as I reported by telegraph, satisfactory only on two points, but I must confess that it is far more so than I had ventured to hope from the composition of the Ministry.

I have, &c.

CHARLES M. MARLING.

[20027]

No. 511.

Mr. Marling to Sir Edward Grey.—(Received June 6.)

(No. 75.)

Sir,

Tehran, May 18, 1910.

IN continuation of Sir G. Barclay's despatch No. 59, I have the honour to transmit herewith the usual summary of the chief events in Persia during the past four weeks.

The situation in the south, the main facts of which are sufficiently related in the summary, has been the cause of some anxiety to the Government, and their vacillation shows that they have been very embarrassed in dealing with it. Sardar Assad, while still Minister of the Interior, seems to have thought that he could employ strong measures and depose Soulet-ed-Dowleh from the chieftainship of the Kashgais. But

the formation by Soulet of a kind of league with the Sheikh of Mohammerah and the vali of Pushti Kuh, aimed almost undisguisedly against the Bakhtiari predominance, made him hesitate. From the point of view of these chieftains, there was, no doubt, ground for genuine uneasiness, but at the same time it may be fairly assumed that the author of the league, Soulet-ed-Dowleh, a young man of great ambition and considerable intelligence, saw in it a means of furthering his own interests, and of creating for himself a position of influence and authority in the south, which would be in some sort a counterpoise to that of Sardar Assad at Tehran. The motives of Sheikh Khazal and the vali of Pushti Kuh, on the other hand, were probably very much what they professed, viz., a strong hint to Sardar Assad that they would not tolerate Bakhtiari supremacy, but as it cannot be supposed that either of them wished to see Soulet-ed-Dowleh attain a position of great power, they cannot have contemplated giving him any serious support except for imperative reasons. Sardar Assad no doubt realised this, and saw that the Kashgai chief must be the object of the main attack of the Government. Soulet's position was, however, a strong one; he is wealthy, and as he had it in his power to close or keep open the great southern trade routes, the merchants, whose interest was obviously to conciliate him, clamoured to the Government to entrust the safety of the roads to him, and his influence in Shiraz thus became such that he was able to procure the dispatch of a telegram signed by nearly all the notables, and even by Nasser-ed-Dowleh, the vice-governor, praying that Zaffer-es-Sultaneh, the governor designate, should be recalled.

It was therefore necessary for the Government to act cautiously; their plan, originally that of Sardar Assad, was to destroy Soulet's power by appointing his brother, Zeigham-ed-Dowleh, ilkhani, in his place; but they were only too conscious of their own weakness, and recognised that the ground must be carefully prepared for the *coup*, or Soulet might be driven to open revolt. Accordingly, pacifying assurances, which had merely the effect of confirming Soulet in his belief that he could safely defy the Government, were sent to him that there was no intention of supplanting him, and Zeigham was detained at Ispahan, whither he had accompanied Zaffer-es-Sultaneh, while the latter, who is described as combining vanity, incompetence, and cowardice to a degree unusual even among Persian officials, and was evidently in genuine terror of Soulet, moved slowly southwards. A few days later Zeigham-ed-Dowleh followed, only to be ostentatiously detained at Kumisheh, and Zaffer-es-Sultaneh continued his march as far as Abadeh. Soulet's threats thereupon redoubled, as did also the conciliatory professions of the Government, who, it is now clear, were only trying to gain time enough to allow Zeigham to get into touch with Soulet's enemies in Shiraz, such as the Kawamis, and with the northern sections of the Kashgais, who had been least under Soulet's influence, Zeigham-ed-Dowleh seems to have acted with considerable energy and skill at this moment, for the next news of him that reached Tehran was that he had "escaped" from Kumisheh. Two days later he appeared, with the Imperial firman appointing him ilkhani of his tribe, at Sivend, only three stages from Shiraz, with a force of some 2,000 horsemen, mostly Kashgai. Soulet-ed-Dowleh on hearing the news, moved northwards to Goyoun, some 20 miles from Shiraz, while Zaffer-es-Sultaneh resumed his march from Abadeh. It remains of course to be seen what the issue will be, but there will be nothing surprising should Soulet find himself deserted by his tribe in favour of the new ilkhani. With the exception of the tribes under Sardar Arfa of Mohammerah and the vali of Pushti Kuh, the nomads of Persia acquiesce readily in an Imperial order appointing a new chief, whom they regard rather more as a tax-gatherer in the service of the Shah than as a prince to whom they owe loyalty. Soulet-ed-Dowleh, however, has raised himself to an exceptionally high position of late, and has, moreover, been spending money lavishly, so that it is quite possible that he may be able to offer resistance. In that case I fear that it may be some little time before the condition of Fars and the security of the southern trade routes is in any way improved. The Government may be able to employ in the South Yefrem, and the forces that have recently been operating in Azerbaijan, but such a proceeding might rouse the apprehensions of the sheikh of Mohammerah.

The foregoing brief sketch I venture to hope is not far from true, but the information that has reached me has been so conflicting, and the policy of the Government until the last few days so obscure that I have thought it better to refrain from interference of any kind, and have confined myself to general representations against any action which would make the condition of Fars worse than it actually is.

I have, &c.

CHARLES M. MARLING.

Enclosure in No. 511.

*Monthly Summary of Events in Persia for the four weeks ending May 18, 1910.**Tehran.*

THE sad news of the death of His Majesty King Edward VII reached Tehran early on the 7th May. His Majesty King George's telegram to the Shah announcing the event was received during the day. The following morning the Shah's representative, the Cabinet Ministers, and other officials and notables called on His Majesty's chargé d'affaires to offer condolences. The memorial service will be held at the Protestant church on the 20th.

2. M. Oudendijk, the Netherlands Minister, has arrived at his post. He was formerly in China. M. Rudolf Seid Ruete left Tehran the 17th May for Berlin. Mr. J. R. Preece arrived at Tehran the 20th April for the purpose of obtaining a concession for copper mines in the Kerman district, but, owing to the Cabinet crisis and other causes, he has so far not entered into negotiations with the Persian Government.

3. The Persian Government's reply to the Anglo-Russian joint note of the 7th April was received on the 8th May. It agrees to points (1) and (2) as to the necessity of not alienating any revenues already pledged, and of consolidating the floating debts, but asks for explanations as to "concessions." The reply to this note is in course of preparation.

4. The negotiations between the Persian Government and the Imperial Bank with the object of consolidating the English floating debt, which had practically been concluded, are now at a standstill owing to a new and entirely unexpected point having been raised by the Persian negotiators.

5. The Cabinet crisis, which terminated on the 29th April, is fully reported upon in Mr. Marling's despatch No. 74 of the 15th May. The following is a list of the Ministers, from which it will be seen that Sipahdar and Sardar Assad have changed posts, and that there is no longer a Minister of Posts and Telegraphs:—

Premier and Minister of Interior	Sipahdar.
Minister of War	Sardar Assad.
Minister of Foreign Affairs	Moavin-ed-Dowleh.
Minister of Justice	Mushir-ed-Dowleh.
Minister of Finance	Vosouk-ed-Dowleh.
Minister of Public Works, Education, &c. ..	Sani-ed-Dowleh.
Minister of Commerce	Motamid-i-Khakan.

Dabir-ul-Mulk has been appointed Under-Secretary for the Interior and Kavam-es-Sultaneh Under-Secretary for War.

6. The National Assembly on the 10th May paid a special tribute to His late Majesty King Edward VII. While the members all stood the president delivered an eloquent address extolling the virtues of His late Majesty, and expressing the sorrow felt by the Persian nation on this sad occasion. A telegram was sent to the British Parliament conveying these sentiments.

On the 28th ultimo the committee elected to organise an internal loan submitted its recommendations, which were that 1,000,000*l.* should be raised at 7 per cent. interest a year on the guarantee of the crown lands. The matter is dealt with fully in Mr. Marling's despatch No. 73 of the 15th May. The new Cabinet attended the house the 30th April, when Sipahdar announced that he and Sardar Assad had exchanged posts.

There having been a scarcity of bread in the capital a committee was elected to investigate the matter and take steps to remedy the evil. Considerable dissatisfaction and some popular outcry having been caused by the alleged irregularities of the Ministry of Justice, a committee was elected to investigate the matter, and is now at work.

Mr. New's contract has not yet been approved by the House, which on the 17th May insisted that it should be drawn up not with the Indo-European Telegraph Department but with Mr. New himself.

No progress has been made regarding the ratification by the Medjlis of the Arabistan Telegraph Convention.

7. *The Press.*—The Tehran newspapers have all referred to the death of His late Majesty in most sympathetic terms.

An article appeared in one of the newspapers here at the end of April commenting in a hostile spirit on the attack by robbers on Mr. Bill. The impropriety of such publication was pointed out to the Persian Government privately.

Political articles continue to appear in which Anglo-Russian policy in Persia is severely condemned, and stress is laid on Russia's alleged determination eventually to absorb Persia. Very little notice, however, is taken of such statements, and their continued repetition is becoming wearisome.

G. P. CHURCHILL.

Tabreez.

The Government forces under Yeprem and Sardar Bahadur, which, as reported in the last summary, were operating in the direction of Ardebil against the Shahsevan tribe, have been entirely successful. The Shahsevans have been completely overpowered and comparative tranquillity seems to have now been restored in that part of Azerbaijan.

Resht.

The new governor of Ghilan does not seem to be very successful in maintaining order. A great deal of trouble has been occasioned by incendiaries, and many arrests have been made. The roads, however, are reported to be safe.

Meshed.

Major O'Connor took over charge of the consulate-general on the 28th April, and reports that the general situation at Meshed has resolved itself into a duel between one strong man—the chief of police—and all the forces of reaction, headed by the Governor-General. The chief of police, in the short space of four or five months, has organised a very effective police force of some 400 men, with which he has reduced the turbulent city of Meshed to a state of complete and edifying tranquillity. He has lighted the streets, improved the roadways, established an "octroi," and is meditating other and more far-reaching reforms. Major O'Connor states that the forces of corruption and reaction (including the Russian consul-general) are against him to a man, and he is therefore interested to see how long such a reformer can stand against the formidable forces ranged against him.

The Meshed escort has been reduced to fifteen men.

Nishapur.

Serious riots occurred on the 16th instant owing, it is said, to the cornering of wheat, &c., but a force of police sent from Meshed succeeded in restoring order.

Ispahan.

1. Mrs. Marrable, an English missionary, was assaulted by some peasants or muleteers while cycling near Ispahan. Mr. Grabame, in reporting this incident, draws attention to the growing insolence of the population of Ispahan towards Europeans.

Colonel Haig, His Majesty's consul at Kerman, left Ispahan *en route* for his post on the 5th instant.

The roads are much in the same condition as usual. It is reported that there is much dissatisfaction among native merchants at the delays on the Ahwaz road. Messrs. Lynch have had considerable trouble with the Bakhtiari in connection with a large caravan of specie they are bringing up by that road. After long delays due to the extortionate demands of the khans the caravan is at last on the move.

Mr. Grabame finds the governor, Sardar-i-Ashjan, a Bakhtiari khan, courteous and ostensibly obliging in all matters referred to him, but not very efficient.

Yezd.

A woman who had been convicted, by her own confession, of having strangled her husband's son (aged 5 years) by another wife, was thrown from a building about 20 yards high. She was still alive when she reached the ground, and was thereupon stoned to death by other women who were looking on.

The governor, Sardar-i-Jang, a Bakhtiari khan, has successfully operated against a large band of robbers on the Yezd-Bafk road. (Bafk is a district about 60 miles to the south-east of Yezd.) In the middle of April he brought in his prisoners to Yezd. Fifty-nine unwounded men were chained together in single file and entered the town on foot; five wounded men were brought in on camels, and leader, who had three bullet wounds, in a "palaki." Over 100 of the robber band were either killed or captured. The governor complains that, though the Tehran authorities are unstinting in their praises of his recent exploits, they leave him to bear the expenses thereof himself.

Shiraz.

The movements of Soulet-ed-Dowleh (the present chief of the Kashgai tribe), Zaigham-ed-Dowleh, his brother, and Zaffer-es-Sultaneh, the new Governor-General of Fars, are attracting a good deal of attention at present. The new governor left Ispahan on his way to his post on the 1st instant, but only left Abadeh on the 18th, having delayed his journey on account of pourparlers with Soulet-ed-Dowleh, who is some miles south of Shiraz. Zaigham-ed-Dowleh, who travelled for some way with the governor, subsequently detached himself, and is now said to have collected a force of some 2,000 Kashgais around him, with the object of overthrowing his brother. The whole affair, which is exceedingly complicated, is dealt with at some length by Mr. Marling in his covering despatch to this summary. It is therefore perhaps only necessary here to refer to the convention drawn up between Soulet-ed-Dowleh, the sheikh of Mohammerah, and the vali of Pushti-Kuh, of which the substance was communicated to the Tehran press. The three chiefs undertake to use their influence "for the maintenance of the independence of Persia" and "a proper constitution." They promise to keep order in their own districts, so that trade may be secure, and finally they undertake to "protect each other's honour, interests, and positions."

Kerman.

A great deal of damage has been done by floods, which have devastated nearly 150 villages. The damage done at Rafsinjan is reported to be very considerable, 30 persons having been drowned and 4,000 rendered homeless. The damage done to the crops is likely to cause a famine this year in the district.

Robbers are plundering round Kerman; and travellers are not safe even within 8 miles of the city.

Hamadan and Kermanshah.

Both towns and surrounding districts and roads are reported to be in comparatively good order. The Governor of Hamadan proceeded with a small force against a formidable robber, who looted caravans on the road between Hamadan and Kermanshah, with the result that the robber and his followers have fled.

Bushire.

Sardar Assad, who, in consequence of the urgent representations of His Majesty's Legation, undertook to confirm Darya Beggi as Governor of Bushire and the Gulf Ports, subsequently placed him under the Governor of Fars. Sipahdar, who is now Minister of the Interior, is showing less obstinacy on the subject, and Darya Beggi will probably now remain independent.

Messrs. Wöneckhaus and Co., the German firm of Bushire, appear to be engaged in smuggling arms into Persia.

Several cases of plague, with a large percentage of deaths, are reported each week telegraphically from Bushire.

Owing to the insecurity of the Shiraz road, merchandise is now being sent principally by the Ahwaz-Bakhtiari road.

The negotiations between Mr. Strick's agent in Tehran and the Persian Government, regarding oxide on the Island of Hormuz, forms the subject of a separate despatch.

Ahwaz.

There is a recrudescence of the rumour that the Germans are going to take a house at Ahwaz and set up with a view to trading, more especially in grain.

Messrs. Lynch's screw tunnel steam-tub the "Bulbul" arrived for the first time at Ahwaz on the 14th April. She does the journey up from Mohammerah at least three times a week.

The acting ilkhani and ilbeggi (Amir-i-Mufakhan and Amir-i-Mujabid) have left the winter quarters with the tribe for the summer quarters in the direction of Ispahan. His Majesty's consul is also proceeding north.

Mohammerah.

At the beginning of March pipe for the oil company was being carried up the Karun at the rate of some 2,000 tons a-month.

The oil company's launch, about which so much correspondence has passed, arrived at Mohammerah in a damaged condition, and is, moreover, considered locally to be quite unsuited for the work required of it.

The sheikh has had a new steam-yacht built locally, of which only the engines, boilers, and plates were brought from England. It is said to reflect much credit on the local shipbuilders.

Sheikh Mubarak, of Koweit, arrived at Mohammerah on the 4th April, and proceeded with Sheikh Khazal to Bussorah, where they met the vali.

The recent action taken by the vali of Bussorah against the sheikh has been fully reported by telegraph. The incident appears now to be practically closed.

G. P. CHURCHILL.

[20028]

No. 512.

Mr. Marling to Sir Edward Grey.—(Received June 6.)

(No. 76.)

Sir,

Tehran, May 18, 1910.

I HAVE the honour to transmit herewith copy of a note which, in obedience to the instructions contained in your telegram No. 112 of the 26th ultimo, I addressed to the Persian Government, claiming compensation of 10,000 tomans for the murder of the two Indian sowars who were killed while accompanying Mr. Bill from Shiraz to Ispahan.

In view of the fact that no reply was returned to my note, I addressed a further communication to the Minister for Foreign Affairs, of which a copy is also enclosed.

I shall have the honour to address to you a further despatch on the general situation in the south by the next messenger.

I have, &c.

CHARLES M. MARLING.

Enclosure 1 in No. 512.

Mr. Marling to Persian Government.

Your Excellency,

Tehran, May 11, 1910.

I HAVE the honour to refer your Excellency to my note of the 28th ultimo respecting the attack on Mr. Bill and the murder of two Indian sowars on the Shiraz-Ispahan road on the 15th April last. In view of the gravity of the question, I cannot refrain from expressing my surprise that a fortnight has been allowed to elapse without any reply being returned to my above-mentioned note.

I avail, &c.

CHARLES M. MARLING.

Enclosure 2 in No. 512.

Mr. Marling to Persian Government.

Your Excellency,

Tehran, April 28, 1910.

I HAVE the honour to refer your Excellency to Sir G. Barclay's note of the 17th instant respecting the attack recently made on His Majesty's acting consul at Shiraz, while proceeding to Ispahan, and, under instructions from my Government, I am to inform your Excellency that His Majesty's Government cannot tolerate a continuance of such outrages on European officials.

In view of the fact that two Indian sowars of Mr. Bill's escort were murdered by robbers, I am to inform your Excellency that His Majesty's Government claim compensation of 5,000 tomans in each case, or 10,000 tomans in all.

The Persian Government have recently refused an advance which the British and Russian Governments were prepared to make, and in these circumstances His Majesty's Government could not accept any excuse on the part of the Persian Government that want of funds prevented them from policing the roads in a satisfactory manner, and His Majesty's Government expect the Persian Government to make immediate arrangements to that end.

I avail, &c.

CHARLES M. MARLING.

[20029]

No. 513.

Mr. Marling to Sir Edward Grey.—(Received June 6.)

(No. 77. Confidential.)

Sir,

Tehran, May 19, 1910.

WITH reference to my telegram No. 222 of the 9th instant respecting an alleged Russian concession on the Karun river, I have the honour to report that the Governor-General of Kermanshah, the present Nizam-es-Sultaneh, has recently sent me two messages on the subject.

In the first instance, he requested His Majesty's consul to inform me that he held many properties in Fars and Arabistan, of which he was at present unable to make use owing to the state of the country. As Great Britain is the Power most interested in the south, his Excellency desired to safeguard his interests in the estates by leasing them to British subjects, or by paying secretly a commission to a British subject to manage the estates ostensibly as a leaseholder. He added that he would cancel the lease of Hussein Abad, in the neighbourhood of Dizful, owing to the failure of Abbas Agha Tavardieff to carry out the conditions, provided a British subject would take it over. Should he be unable to safeguard his estates through British help, he would have to look elsewhere for support.

A second message was to the effect that his Excellency had an estate near Prera, in Fars, pledged to the Russian Bank for 70,000 tomans. As the time was about to expire he desired, instead of renewing it, to enquire whether the Imperial Bank of Persia would advance the amount on the estate to pay off the Russian Bank, the annual rental being 6,000 tomans.

After mentioning the matter to the acting manager of the Imperial Bank of Persia, I am instructing His Majesty's consul to inform the Nizam that the bank's charter precludes all thought of such a transaction, warning him against encouraging his Excellency in the hopes of finding foreigners ready to lend themselves to such schemes.

I learnt from a secret source that Abbas Agha Tavardieff and his expert have abandoned their intention of going south at present, and, having gone to Switzerland, will not return here until the autumn, when they will proceed to the south. Apparently they fear that the Sheikh of Mohammerah may interfere with their scheme by contesting the proprietorship of the land. They hope, however, by securing the services of the sheikh's doctor to overcome any obstacle in that direction.

The widow of the late Nizam has, I am informed, certain lands in the same neighbourhood, and is desirous of letting them to Tavardieff.

I have, &c.

CHARLES M. MARLING.

[20030]

No. 514.

Mr. Marling to Sir Edward Grey.—(Received June 6.)

(No. 78. Confidential.)

Sir,

Tehran, May 19, 1910.

WITH reference to my telegram No. 226 of the 11th May respecting the operations of the International Syndicate, I have the honour to report that various rumours had recently reached me with regard to the continued presence here of Mr. Osborne.

I accordingly desired Mr. Oliphant, to whom Mr. Woolf and Mr. Osborne had brought a letter of introduction from St. Petersburg, to see Mr. Osborne and sound him on the subject of his prolonged stay here.

Mr. Osborne, who hitherto had made no mention of the real object of his visit to Persia and had pretended it was for purposes of sport, was at first somewhat reticent, but later on in the course of conversation stated that his group, consisting of well known financiers, contained no single German, and inveighed bitterly against that nationality.

In his opinion (or in that of his group) the situation was this:—

The Persian Government needed money and money they would have. If the two Governments refused it, where was it to come from? Either from the Germans—he expressly emphasised the fact that he meant financiers nominally beyond the control of the German Government—or from his group.

The Germans had nearly been successful lately on Lake Urumia, and in another two months' time would probably succeed here if his group were not able to anticipate them by stepping in as soon as the negotiations with the two Governments had failed completely.

I have since heard that Mr. Osborne has informed an official of the Ministry for Foreign Affairs of his conversation with Mr. Oliphant.

I have, &c.

CHARLES M. MARLING.

[20032]

No. 515.

Mr. Marling to Sir Edward Grey.—(Received June 6.)

(No. 80.)

Sir,

Tehran, May 20, 1910.

WITH reference to my telegram No. 220 of the 9th instant, I have the honour to transmit herewith copy of the note which was addressed to the Russian Minister and myself by the Persian Government on the 7th May in reply to the joint note of the two legations of the 7th April last. I enclose also a copy of the further note which the Russian Minister and I addressed, by the instructions of our respective Governments, in reply to the Persian Minister for Foreign Affairs, to-day.

I have, &c.

CHARLES M. MARLING.

Enclosure 1 in No. 515.

*Note communicated to Mr. Marling by the Moavin-ed-Dowleh.**May 7, 1910.*

COGNISANCE has been taken of the reply, dated the 7th April, which, in view of the requirements of the two Governments, was signed by his Excellency Sir G. Barclay and the Russian Minister, stating "les Gouvernements d'Angleterre et de Russie sont prêts à reconnaître le droit du Gouvernement persan à emprunter de l'argent en dehors des deux Gouvernements, mais seulement aux conditions suivantes."

In reply, respecting the first point, which states that "les revenus de la douane et autres revenus servant de garantie aux emprunts anglais et russes ne peuvent dans aucun cas servir de garantie à de nouvelles opérations financières," I have the honour to say that the Persian Government agrees on this point, and whatever has been inserted in the documents of the Government loans will be carried out in this respect.

[1722]

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With regard to the second point, respecting the arrangements to be made with regard to all the debts of the Persian Government to the Russian and British Governments, although the Persian Government does not see any connection between this condition and the right to make a fresh loan, as special revenues have been set aside for the debts of the Persian Government; but in spite of this, the Persian Government is prepared with the moral help of the two Governments to make a definite arrangement regarding its recognised floating debts, which will include the fixing of the rate of yearly interest, the manner in which the debt will be paid, and the instalments payable from the specified revenues.

But as to the statement made at the end of the note, as follows: "L'Angleterre et la Russie, tout en ne pas entravant les droits des nationaux d'autres Puissances aux entreprises purement commerciales en Perse, ne peuvent en aucun cas admettre qu'il soit accordé aux nationaux d'autres Puissances étrangères des concessions qui puissent porter atteinte à leurs intérêts politiques ou stratégiques en Perse." Owing to the ambiguity of this part of the note, the Persian Government postpone replying to it until the above passage is explained in writing, and the word "concession," which is used in a general sense at the end of the note, is explained, so that the Persian Government may also give a reply on this point.

I avail, &c.
IBRAHIM.

Enclosure 2 in No. 515.

Joint Note communicated to the Moavin-ed-Dowleh.

M. le Ministre,

Téhéran, le 7 (20) mai, 1910.

EN réponse à votre note du 26 Rebbi-us-Sani, nous, soussignés, le Ministre de Russie et le chargé d'affaires de la Grande-Bretagne, avons l'honneur de donner à votre Excellence les explications suivantes concernant la clause finale de notre note du 25 Rebbi-ul-Avvel:—

Vu la difficulté de spécifier les concessions qui pourraient porter atteinte à leurs intérêts politiques ou stratégiques, les deux Puissances s'attendent à ce qu'avant de délivrer des concessions quelconques de voies de communication, de télégraphes et de ports à un sujet étranger, le Gouvernement persan entre dans un échange de vues avec elles afin que les intérêts politiques ou stratégiques des deux Puissances puissent être dûment sauvegardés. Tout acte qui se trouverait en contradiction avec ce principe serait considéré comme contraire à l'amitié traditionnelle qui existe si heureusement entre la Perse, la Russie, et la Grande-Bretagne.

Nous saisissons, &c.

S. POKLEWSKI-KOZIELL.
CHARLES M. MARLING.

[20069]

No. 516.

Mr. O'Beirne to Sir Edward Grey.—(Received June 6.)

(No. 251.)

Sir,

St. Petersburg, May 27, 1910.

I CALLED on the Minister for Foreign Affairs on the 24th instant to make a communication to him in reference to Crete, and he then read to me, and allowed me to glance through, a telegram which he had received from the Russian Ambassador in Berlin, reporting a conversation with M. de Schoen on Persian affairs. M. Isvolsky told me that the substance of this conversation had been communicated to you through Count Benckendorff, but as I do not know how far the communication was made to you in detail, it may be well to record that M. de Schoen, according to Count Osten Sacken's telegram, declared that Germany had not sought for concessions in Persia which could be embarrassing to ("qui pourraient gêner") Russia or England, and that "it was her intention" not to depart from this line of policy. M. de Schoen went on to urge that in view of this assurance the two Powers should abstain from pressing the Persian Cabinet in the matter of concessions—or words to that effect; and the telegram concluded by stating that the German Secretary of State was impatiently awaiting a reply to his present representation. Although I was only able to look

through the document quickly, I have no doubt that the above is a fairly accurate rendering of the passages quoted.

M. Isvolsky at that time believed that the two representatives had not yet made the joint communication to the Persian Government which had been agreed upon, and was anxious at the last moment to abandon the proposed communication in writing and substitute for it a verbal declaration by the representatives, which he thought would be less likely to be displeasing to the German Government. He remarked that M. de Schoen had now given us assurances, which were of great importance, and he dwelt on the advantage of avoiding, if possible, action which might lead Germany to recede from these assurances. Yesterday, however, when I again saw his Excellency, he had learnt that the joint communication in writing had actually been made, and appeared rather doubtful as to what would be the result. I read to him Count de Salis' telegram No. 33 of the 24th instant, giving an account of a conversation with the German Secretary of State, with which M. Isvolsky seemed highly pleased, and at the same time slightly puzzled. There is evidently a certain difficulty in reconciling the language used by M. de Schoen on the 24th instant to Count de Salis, when he expressed himself as satisfied for the moment with the explanations given by the two Powers, with the fact that one or two days earlier he was pressing Count Osten Sacken for a speedy reply to his representations regarding the action which the two Powers were taking in Persia—since when no further explanations appear to have been conveyed by either of the two Powers to the German Government. M. Isvolsky remarked that, as a fact, the attitude of Germany appeared to have become rather more conciliatory in the last few days. Count Pourtalès had not been coming to him with representations, and had spoken to M. Sazonow in a reassuring sense. At any rate, his Excellency said, Germany's latest change of tone was matter for satisfaction, if only it proved lasting, but he thought that when the German Government heard of the communication just made by the two representatives in Tehran they might speak in a different way.

I have, &c.
HUGH O'BEIRNE.

[20070]

No. 517.

Mr. O'Beirne to Sir Edward Grey.—(Received June 6.)

(No. 255. Confidential.)

Sir,

St. Petersburg, May 30, 1910.

IN a conversation which I had to-day with the Minister for Foreign Affairs he referred to the negotiations which would presently take place between Russia and Germany regarding Persia and the Bagdad Railway. He observed that he had all along kept His Majesty's Government fully informed of Germany's proposals to enter into these negotiations. It was perfectly obvious that Germany's intention in negotiating in the way which she had adopted, with each of the two Powers separately, was to bring about a division between them. He had been considering what procedure we ought to follow in order to render such a result impossible, what was the most suitable machinery ("mécanisme") to set up for our negotiations; but he had not yet been able to come to any distinct conclusion on the subject.

I said, having in mind your telegram No. 156 of the 1st April to Sir A. Nicolson, that I understood it to be your opinion that since Germany would not negotiate à quatre, we could attain practically the same result by negotiating separately and keeping one another fully acquainted with the course of our respective negotiations. I supposed that when Germany had put forward any concrete proposals we could concert between ourselves as to the line of action to be taken in regard to them.

M. Isvolsky remarked that it went without saying that he would keep His Majesty's Government informed of his negotiations, but he was not sure that this was enough to meet the requirements of the case, more especially as regards the Bagdad Railway. It seemed to him that a moment would come in the negotiations when it would be necessary to "make reserves," safeguarding, as I understood him to mean, the interests of the other Powers concerned.

I thanked his Excellency for what he had said to me, and I said that I would transmit his suggestion to you, and that you would doubtless let him have your views upon it.

I have, &c.
HUGH O'BEIRNE.

[20073]

No. 518.

Mr. O'Beirne to Sir Edward Grey.—(Received June 6.)

(No. 258.)

Sir,

St. Petersburg, May 31, 1910.

ON the 30th instant, the first occasion when I saw the Minister for Foreign Affairs after the receipt of your telegram No. 268 of the 26th instant, I conveyed to his Excellency the observations contained in your telegram regarding the nature of the joint communication which had been made on the 20th instant by the two representatives at Tehran, and your hope that the German Government would realise that their original objections did not apply to what had actually been done.

M. Isvolsky said that it was a curious thing that the German Ambassador had now stated to him that the German Government had received a telegram from Count Quadt asserting that the communication made by the two representatives had demanded a declaration in reply from the Persian Government. M. Isvolsky had explained to the German Ambassador that the Minister's report was entirely incorrect, and had expressed his surprise that Count Quadt should not have taken the steps necessary to obtain more accurate information. I told his Excellency that the French Ambassador had informed me that he gathered that Count Quadt's reports as to the action of the two Powers in Tehran were recognised in Berlin to have been considerably exaggerated.

I have, &c.

HUGH O'BEIRNE.

[20075]

No. 519.

Mr. O'Beirne to Sir Edward Grey.—(Received June 6.)

(No. 261.)

Sir,

St. Petersburg, June 2, 1910.

WITH reference to my despatch No. 255, Confidential, of the 30th ultimo, I have the honour to state that the Minister for Foreign Affairs to-day again spoke to me regarding the method to be adopted in conducting negotiations with Germany regarding Persia. His Excellency now stated that he had been thinking of the advisability of informing Germany that the two Powers would not negotiate about Persia otherwise than jointly. He thought that any kind of procedure by which we kept in touch with one another while negotiating separately would be excessively complicated and less certain in its results than the course which he now suggested. He remarked that he was not certain whether His Majesty's Government wished for such negotiations *à trois*. I said His Majesty's Government would certainly prefer such negotiations, the only question was whether, if Germany absolutely declined to negotiate in this way, it would be well for the two Powers to insist, with the result that there would be no negotiations at all.

I also took the opportunity of reminding his Excellency of what you had said to the German chargé d'affaires on the 1st April regarding separate negotiations on the Bagdad Railway question, as recorded in your telegram No. 156, of which a paraphrase was communicated to his Excellency by Sir A. Nicolson. Although the statement made by you as to the possibility of separate negotiations regarding Persia, it occurs to me that the two questions are so closely connected that it might be difficult to treat them differently.

M. Isvolsky stated that he thought there would be no harm in making an intimation to Germany in the sense indicated. If she declined joint negotiations we could then consider how to proceed. We should at any rate have shown the German Government that the two Powers were not to be separated. In conclusion his Excellency said that he would draw up a form of communication to the German Government which he would submit to you.

I have, &c.

HUGH O'BEIRNE.

[20265]

No. 520.

Mr. O'Beirne to Sir Edward Grey.—(Received June 6.)

(No. 172.)

(Telegraphic.) P.

St. Petersburg, June 6, 1910.

PERSIAN advance.

Please see my telegram No. 167 of the 2nd June.

Ministry for Foreign Affairs informed me privately that the reason of their delay in furnishing me with a reply is that they are consulting Russian Minister at Tehran as to guarantees and other details of the scheme.

[20268]

No. 521.

Mr. Marling to Sir Edward Grey.—(Received June 6.)

(No. 249.)

(Telegraphic.) P.

Tehran, June 6, 1910.

PLEASE refer to my telegram No. 233 of the 19th May.

On the 30th May, in the course of conversation, Minister for Foreign Affairs made many vague but persistent references to an answer to our joint declaration of the 20th May. He stated, however, that the question had not yet been laid before the Cabinet. Information has now reached me from a perfectly reliable source to the effect that it is the intention of the Persian Government to return an evasive and unsatisfactory reply to the two Governments.

M. Poklewski and I will endeavour to deter Persian Government from making any reply, but if one is received in the sense anticipated we recommend that we may be authorised to return it, and to intimate that a tacit acceptance of their note is expected by the joint Powers.

Pending the satisfactory settlement of the above matter, we are of opinion that the question of the joint advance should not be raised.

(Secret.)

I am informed by my Russian colleague that he is in possession of strong evidence to show that German Legation are inspiring the Persian Government, and, he believes, secretly controlling relations of Persia to England and Russia. In view of these circumstances, we consider it most desirable that Persia should be given to understand that she cannot play off Germany against us, and that a firm stand should therefore be made by two Governments. Russian Minister particularly requests that Germans may not learn that he is the source of my information.

[19709]

No. 522.

Sir Edward Grey to Mr. O'Beirne.

(No. 297.)

(Telegraphic.) P.

Foreign Office, June 6, 1910.

YOU should urge M. Isvolsky not to delay replying to renewed proposals for joint loan to Persia, as otherwise the waste of time involved may cause us again to miss a favourable opportunity of meeting the advances made by the Persian Government.

[20381]

No. 523.

Mirza Mehdi Khan to Sir C. Hardinge.—(Received June 7.)

THE Persian Minister presents his compliments to Sir Charles Hardinge, and has the honour to enclose translations of two further telegrams regarding the Darab Mirza incident.

The Minister is sending these telegrams at once, so that they may reach Sir Charles Hardinge without delay; he will himself call at the Foreign Office later.

Persian Legation, June 6, 1910.

[1722]

4 B

Enclosure in No. 523.

Telegrams communicated to Foreign Office by Mirza Mehdi Khan.

(1.)

[Received June 5, 1910.]

(Translation.)

NOTWITHSTANDING the assurances given by the Russian Minister that Russian troops would not enter Zandjan, sixty Cossacks with their officers, who had gone on the plea of capturing Darab Mirza, have entered Zandjan, and have in no way interfered with Darab Mirza, with whom, on the contrary, they seem to sympathise. This has encouraged the former refugees of the Russian consulate at Kazvin, who are at Khamsch, to incite the rebels against the Government officials and to do all kinds of irregularities. On account of these happenings the inhabitants of Zandjan are in a state of great agitation, and if the troops do not withdraw there is fear of great danger.

(2.)

[Received June 5, 1910.]

(Translation.)

REPORT has been received from Zandjan that the rebels intend going to Kazvin to take refuge at the Russian consulate there. We have written to the Russian Legation here pointing out the prejudicial results that their reception at the Russian consulate would have, and we have asked them to refuse protection.

[20353]

No. 524.

Mr. Marling to Sir Edward Grey.—(Received June 7.)

(No. 250.)

(Telegraphic.) P.

Tehran, June 7, 1910.

IN continuation of my telegram No. 247 of the 4th June:

M. Poklewski informs me that Russian party was attacked about 25 miles from Zinjan as they were returning with Darab to Kazvin. They took some twenty prisoners. It is not clear who were their assailants.

[20268]

No. 525.

Sir Edward Grey to Mr. O'Beirne.

(No. 300.)

(Telegraphic.) P.

Foreign Office, June 7, 1910.

COMMUNICATION to Persia regarding concessions.

Please see my telegram No. 180 of to-day to Mr. Marling.

What are M. Isvolsky's views?

[19762]

No. 526.

Sir Edward Grey to Mr. O'Beirne.

(No. 301.)

(Telegraphic.) P.

Foreign Office, June 7, 1910.

WITH reference to your telegram No. 168 of the 2nd June, British trade is interested in the restoration of security on the southern roads in Persia, the disorder prevailing on which has already been a good deal noticed by the press, and will probably be mentioned in Parliament.

The Persian Government have told us that we cannot help them in this matter otherwise than with money and arms, and our position would be indefensible if it were possible to show that, in these circumstances, we had caused the Imperial Bank of Persia to postpone compliance with the request of the Persian Government, or to refuse it, to the detriment of British interests, at the instance of the Russian Government, who have themselves received a similar request, to which they have returned no reply.

Use these arguments to the Russian Minister for Foreign Affairs if the reply of his Government is unfavourable or not quickly received.

[20268]

No. 527.

Sir Edward Grey to Mr. Marling.

(No. 180.)

(Telegraphic.) P.

Foreign Office, June 7, 1910.

COMMUNICATION to Persia respecting concessions.

As you suggest, in your telegram No. 249 of the 6th instant, it would be well to endeavour to dissuade the Persian Government from sending reply. If, however, you cannot succeed in doing this, it would be enough, provided the Russian Government agree, to convey to them a verbal expression of our regret, pointing out the consequences of thus disregarding our wishes.

I had been led to hope that the Persian Government had entered upon a policy of greater friendliness, and I was prepared to meet their advances with encouragement, but a very bad impression will be produced if they insist on sending, quite unnecessarily, an unsatisfactory reply to our very moderate note.

[20738]

No. 528.

Sir Edward Grey to Sir F. Cartwright.

(No. 60.)

Sir,

Foreign Office, June 7, 1910.

COUNT MENSENDORFF came to see me this afternoon because, as he said, he had not been here for a long time. He remarked that he had no questions to raise or discuss, as the questions which seemed to be active at present, those of Persia and Crete, did not directly concern Austria.

As, however, he evidently desired some information, I told him that with regard to Crete we hoped that the Cretans would admit the Mussulman deputies without insisting upon their taking the oath. If this were done the *status quo* might continue for some time. Otherwise the question would become very difficult, as a definite solution of the Cretan question by the Powers in the present state of feeling could be imposed only by force upon either Turkey or Crete. If the solution were acceptable to the Cretans, it would be necessary to protect Crete and Greece from Turkey. If, on the other hand, the solution were one which Turkey would not resent, the Cretans would take to the mountains.

Count Mensdorff again said that Austria was not directly concerned with Persia, and that her main interest was as to how this question was likely to affect the relations between us and Berlin.

I said that I looked upon this aspect of the question as being quiescent at present. I had heard nothing from the German Government for some time, and they had no cause for complaint. I told Count Mensdorff that I thought they were worked up by the German Minister at Tehran, who, so far as I could make out, had informed his Government that we were demanding an answer from the Persian Government conceding certain demands to us, whereas as a matter of fact we were not asking for any answer, but simply warning the Persian Government not to give concessions to foreigners without first allowing us an opportunity of saying whether our political and strategical interests were likely to be endangered.

I observed that the Emperor of Austria seemed to be having a very favourable journey in Bosnia and Herzegovina.

Count Mensdorff said that this was the case, and he was glad to notice the friendly tone of the British press with regard to the visit, as that tone was quite in accord with the old relations between England and Austria.

I replied that I was very glad to hear this from him. After Austria had settled her question amicably with Turkey, we had had no wish to prolong friction.

I am, &c.

E. GREY.

[20485]

No. 529.

*Anglo-Persian Oil Company to Foreign Office.—(Received June 8.)**Winchester House, Old Broad Street, London,
June 6, 1910.*

Dear Mr. Maxwell,

I HAVE to thank you for your letter dated the 30th May. As in view of the present suspension of my negotiations the matter was not pressing, I have allowed other work to take precedence of this acknowledgment.

For the same reason it is unnecessary for me at this juncture to write at length, but I want to clear myself of any suspicion of desire to trespass on "any source of revenue already pledged to the service of debts owed by the Persian Government to the British or Russian Government or to the British or Russian bank."

By the term "second charge" I meant only such surplus customs revenue (if any, for Mr. Mallet had warned me that at present there would be very little surplus, if any) as was not required for the service of the debts in question.

Please do not trouble to reply to this letter. It is only written for the purpose above named, and I hope that the success of the Government's present negotiations will obviate any necessity for me to begin again the labour of raising a loan for Persia. In the alternative, the subject-matter of your letter under reply can most conveniently be dealt with when and if my negotiations have to be resumed.

Yours sincerely,

E. W. WALLACE.

[20489]

No. 530.

Messrs. Seligman Brothers to Foreign Office.—(Received June 8.)

Sir,

18, Austin Friars, London, June 7, 1910.

WE find to our regret that we have omitted to acknowledge receipt of your letter of the 31st ultimo, which, however, we do herewith, while apologising for the delay. Its contents have been duly noted, and we shall esteem it a favour to hear from you again should the position of affairs warrant your reopening the question with us of our granting a loan to Persia.

We have, &c.

SELIGMAN BROTHERS.

[20532]

No. 531.

Mr. O'Beirne to Sir Edward Grey.—(Received June 8.)

(No. 173.)

(Telegraphic.) P.

St. Petersburg, June 8, 1910.

PROPOSED purchase of arms for Persian Government by Imperial Bank of Persia.

Your telegram No. 301 of the 7th June.

In conversation to-day with M. Isvolsky I spoke very pressingly on this subject, and made use of the arguments contained in your telegram above referred to. I observed that not the slightest indication of his Excellency's views had reached us since the matter had first been brought to his notice.

M. Isvolsky said that he was really very sorry that there had been this delay. He made some reference to the fact that the Persian Government had at an earlier date approached the Russian Government in connection with the supply of arms, and said that at the present moment he was in communication with another department of the Russian Government on the subject. (He presumably referred to the Ministry of War.) He attributed the delay to the fact that he had not yet succeeded in getting a reply from that department, but he promised that he would immediately take steps to expedite the matter. You may count, I think, on getting an early reply from him.

[20533]

No. 532.

Mr. O'Beirne to Sir Edward Grey.—(Received June 8.)

(No. 174.)

(Telegraphic.) P.

St. Petersburg, June 8, 1910.

YOUR telegram No. 180 of the 7th June to Tehran: Persia.

I saw M. Isvolsky to-day, and asked him for his views on the instructions given to Mr. Marling in the above telegram. His Excellency replied that he agreed generally with the communication which it was proposed to make to the Persian Government, but he added that much would depend on the terms in which the communication was couched. In his opinion, very firm language should be used. He said that he would like to draft a form of communication, and submit it for your opinion. I urged that he should do so with as little delay as possible.

[20534]

No. 533.

Mr. O'Beirne to Sir Edward Grey.—(Received June 8.)

(No. 175.)

(Telegraphic.) P.

St. Petersburg, June 8, 1910.

YOUR telegram No. 297 of the 6th June.

Proposed advance to Persian Government.

On my reminding M. Isvolsky to-day of the above matter, his Excellency said that M. Poklewsky had recommended that the question of an advance should be left in abeyance until that of the reply of the Persian Government to the recent joint communication had been settled. He asked whether Mr. Marling had not made a similar recommendation. I replied in the affirmative, but said that I did not know whether you agreed with the course recommended by the two representatives. It seemed to me that it would be a good thing in any case to come to an agreement in principle as to the advance. He said that he concurred with this view, and was now only awaiting certain information on technical points from Tehran. At the same time, he was of opinion that the two Governments must take into account the suggestion made by their representatives at Tehran, that for the present the reply to the Persian Government as to an advance should be deferred.

[19759]

No. 534.

Sir Edward Grey to Mr. Marling.

(No. 94.)

Sir,

Foreign Office, June 8, 1910.

WITH reference to my despatch No. 145 of the 23rd October last relative to the payment to the Persian Government of the sum due for the rental of the Central Persia telegraph line, I transmit to you herewith copy of a letter from the India Office, requesting that a further instalment at the minimum rate may be remitted to them on the 1st proximo.*

I have to instruct you to make this payment with the explanations given in the letter.

I am, &c.

E. GREY.

[20650]

No. 535.

Mr. O'Beirne to Sir Edward Grey.—(Received June 9.)

(No. 176.)

(Telegraphic.) P.

St. Petersburg, June 9, 1910.

MY telegram No. 174 of the 8th June.

Proposed communication to Persian Government.

I have now received from M. Isvolsky an *aide-mémoire* in which he expresses himself as in entire agreement with you as to the communication which should be made verbally by the two representatives at Tehran to the Persian Government in the event

of the latter insisting on sending a reply in writing to the notes respecting concessions which were recently addressed to them. M. Isvolsky, however, is of opinion that the verbal communication should be made in the firmest and most categorical terms possible, and he hopes that you will see your way to amplifying the instructions sent to His Majesty's representatives at Tehran in this sense. His Excellency has already telegraphed to M. Poklewsky instructing him to concert with Mr. Marling as to the text of the communication which it is proposed that they should make to the Persian Government.

[20639]

No. 536.

India Office to Foreign Office.—(Received June 9.)

Sir,

India Office, June 9, 1910.

I AM directed by the Secretary of State for India to enclose, for the information of the Secretary of State for Foreign Affairs, copy of a telegram that has been received from the Government of India regarding the strength of certain consular escorts and the defence of consular buildings in Persia.

In the absence of information as to the special degree of insecurity owing to which the Government of India desire to raise the strength of the Kerman escort from six to fifty, Viscount Morley is not, as at present advised, prepared to support their recommendation. He is, on principle, averse to any further military intervention—or to anything that could be represented as military intervention—in Southern Persia. And he is also of opinion that if the country between Bunder Abbas and Kerman is seriously disturbed it is unsafe to send up so small a force, and if it is not seriously disturbed it is probably not necessary to do so.

As regards the strength of the Shiraz escort, Lord Morley agrees with the Government of India that its reduction is not desirable, even if it were practicable in the present condition of the road, and he will await their recommendations as to the strengthening of the defences of the consular buildings.

But, if Sir E. Grey sees no objection, he would suggest that before a decision is taken on any of these three questions, an opinion should be obtained from Mr. Marling, who, it appears to his Lordship, is in a better position than the Indian military authorities to advise whether the actual condition of Persia renders any further defensive measures desirable.

I have, &c.
R. RITCHIE.

Enclosure in No. 536.

Government of India to Viscount Morley.

(Telegraphic.) P.

June 2, 1910.

PLEASE see your telegram relating to Persia, dated the 28th April.

Military authorities consider that consulates in the more disturbed areas should be strengthened, in view of unsettled condition of Persia, and recommend maintenance of Shiraz force at present strength and increase of Kerman escort to fifty men with a machine-gun. Arrangements proposed are not calculated to resist organized attack, which is not probable, but should suffice to withstand attack by riotous mobs. These proposals will, we trust, have your approval. I propose to consult local authorities about certain defensive measures for consular buildings which it will probably also be necessary to undertake.

[19981]

No. 537.

Foreign Office to Messrs. Boulton Brothers and Co.

Gentlemen,

Foreign Office, June 9, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 3rd instant, stating your willingness to open negotiations for a loan to the Persian Government.

I am to inform you in reply that your intimation will be borne in mind.

I am, &c.
LOUIS MALLET.

[20752]

No. 538.

Mr. O'Beirne to Sir Edward Grey.—(Received June 10.)

(Cypher Despatch No. 264.) P.
Sir,

St. Petersburg, June 6, 1910.

I HAVE the honour to report, in connection with your despatch No. 148 of the 18th May, that the entire Persian telegraph question is at present forming the subject of an exchange of correspondence between the Ministries of Foreign Affairs and of the Interior. I will send a fuller report of the attitude of the Russian Ministry for Foreign Affairs by messenger; their view may, however, be summarised as follows. They have no objection, in principle, to the confidential communication to the Indo-European Telegraph Company of the arrangement to which His Majesty's and the Russian Governments have come with regard to the Tehran-Khanikin line; but they are anxious that the telegraph company should not be informed before the Ministry of the Interior has answered their last letter. When they have received this answer they will inform His Majesty's Embassy.

I have, &c.
HUGH O'BEIRNE.

[20709]

No. 539.

India Office to Foreign Office.—(Received June 10.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram to the Viceroy, dated the 6th June, 1910, relative to the retention of extra guards at Bunder Abbas.

India Office, June 9, 1910.

Enclosure in No. 539.

Viscount Morley to Government of India.

(Telegraphic.) P.

June 6, 1910.

BUNDER ABBAS guard. See your telegram of the 25th April. Retention of extra guards, as recommended in your telegram dated the 6th April, is approved by His Majesty's Government.

[20788]

No. 540.

Sir G. Loether to Sir Edward Grey.—(Received June 10.)

(No. 109.)

(Telegraphic.) P.

Constantinople, June 10, 1910.

MOHAMMERAH.

Following has reached me from Bussorah:—

"My interference was at first resented very much by the vali, to whom I explained the views of His Majesty's Government as regards himself, and so overcame his objections. He has now sent a private letter in friendly terms to the sheikh, accepting his reply; but he refuses to condole or express regret for the family trouble, and says that the sheikh has already received assurances from him as to his interests in Turkey. I learn from Abdul Wahab Kartas, whose opinion I consider of value, and who called yesterday on the sheikh, that the latter was conciliatory and friendly, and that the incident was closed."

[20779]

No. 541.

Sir F. Cartwright to Sir Edward Grey.—(Received June 10.)

(No. 27.)

(Telegraphic.) P.

Vienna, June 10, 1910.

PERSIA. The following is confidential.

I was told last night by the French Ambassador that he had heard from Count Aehrenthal that the latter has been recently sounded by Persian Minister as to his willingness to support Persia in her dispute with Russia and England. The Minister for Foreign Affairs declared that his reply had been to the effect that Austria-Hungary did not intend to be drawn into Persian affairs, and that it would be advisable for Persian Government to come to a settlement with the two Powers.

In answer to the enquiries of the French Ambassador as to who had prompted Persian Government to make this move, Count Aehrenthal, probably from a desire to avoid making any accusations against Germany, replied simply that the advice had not been given by Turkey.

[20650]

No. 542.

Sir Edward Grey to Mr. Marling.

(No. 182.)

(Telegraphic.) P.

Foreign Office, June 10, 1910.

CONCESSIONS in Persia.

You may proceed on the lines indicated in Mr. O'Beirne's telegram No. 176 of yesterday.

Telegraph in due course the text of the proposed communication for our approval.

[20001]

No. 543.

Foreign Office to Treasury.

Sir,

Foreign Office, June 10, 1910.

WITH reference to your letter of the 28th ultimo relative to the suggested retention of the increased escort at His Majesty's consulate at Bunder Abbas, I am directed by Secretary Sir Edward Grey to inform you that, on the 31st ultimo, he addressed a telegram to His Majesty's chargé d'affaires at Tehran, setting forth the terms on which the Lords Commissioners of His Majesty's Treasury are prepared to agree to the proposal, and instructing him to report in case the local situation should improve sufficiently to permit of the withdrawal of the additional guards before the 17th instant.

Sir E. Grey has now received a telegram from Mr. Marling in reply to his communication, reporting that His Majesty's consul at Bunder Abbas sees no objection to the withdrawal of the additional guards, and that he has therefore authorised their immediate return to India.

I am, &c.

LOUIS MALLET.

[20885]

No. 544.

Mr. Marling to Sir Edward Grey.—(Received June 11.)

(No. 251.)

(Telegraphic.) P.

Tehran, June 11, 1910.

TURKS and Sheikh of Mohammerah. Please refer to Bussorah telegram of the 9th June.

His Majesty's consul-general at Bushire states that sheikh recognises that now that vali has returned to Bussorah, the only course that is open to him is to accept the solution that has been arrived at with apparent good grace. He also agrees that it is useless to raise now the question of an apology. No personal amends nor guarantee against the speedy repetition of similar tactics have been offered to him. Moreover, the vali's attitude of mind since his return remains unaltered. Trouble is certain to

occur again at Mohammerah and Koweit, sheikh considers, unless His Majesty's Government let it be understood at Constantinople and at Bussorah that they will not allow sheikh to be weakened or unfairly molested.

His Majesty's consul at Mohammerah suggests that the best balm that can be afforded to sheikh for the affair will be a speedy intimation of assurances which His Majesty's Government contemplate giving him, especially the decoration. Colonel Cox strongly supports suggestion, and I venture to hope that this satisfaction may be given him in consideration of his demeanour throughout the incident and of his readiness to be guided by our advice.

After perusing sheikh's case, Colonel Cox states that he considers action of vali to be unjustifiable, and sheikh to have been more sinned against than sinning throughout the year.

Sheikh's case will be sent to you direct.

[20534]

No. 545.

Sir Edward Grey to Mr. O'Beirne.

(No. 306.)

(Telegraphic.) P.

Foreign Office, June 11, 1910.

PROPOSED advance to Persia.

With reference to your telegram No. 175 of the 8th June, suggest to the Russian Minister for Foreign Affairs that we could probably forestall an unfavourable answer from the Persian Government if we made the advance at once, while if they answer before we make the advance, we can make it as soon as we have put in the verbal communication, and so give proof of our goodwill.

[20879]

No. 546.

Sir Edward Grey to Count Benckendorff.

HIS Majesty's Principal Secretary of State for Foreign Affairs presents his compliments to the Russian Ambassador, and, with reference to his Excellency's conversation with Mr. Mallet on the 9th instant on the subject of the steps to be taken in the event of the Persian Government returning an unsatisfactory reply to the recent note of the two representatives at Tehran respecting the grant of concessions, has the honour to state that Mr. Marling received instructions on the 10th instant to concert with M. Poklewski as to the terms of the verbal communication then to be made, which should be as firm and categorical as possible.

Mr. Marling was further directed to telegraph the text of the proposed communication when agreed on for the approval of His Majesty's Government.

Foreign Office, June 11, 1910.

[20017]

No. 547

Foreign Office to Admiralty.

Sir,

Foreign Office, June 11, 1910.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith copy of a despatch from His Majesty's chargé d'affaires at Tehran relative to the services rendered by the Maxim gun detachment from His Majesty's ship "Sphinx," which has been at the disposal of His Majesty's consulate at Shiraz since July last.*

I am to express Sir E. Grey's gratification at the terms of praise in which these services are referred to, and his hope that the Lords Commissioners of the Admiralty may see their way to adopt the suggestion of Mr. Bill, supported by Mr. Marling, by according some special recognition to those concerned.

I am, &c.

LOUIS MALLET.

[1722]

* No. 502.

4 D

[20018]

No. 548.

Foreign Office to India Office.

Sir,

Foreign Office, June 11, 1910.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith copy of a despatch from His Majesty's chargé d'affaires at Tehran relative to the services rendered by the detachment of the 110th Mahrattas, which has been at the disposal of His Majesty's consulate at Shiraz since July last.*

I am to express Sir E. Grey's gratification at the terms of praise in which these services are referred to, and his hope that Viscount Morley may see his way to adopt the suggestion of Mr. Bill, supported by Mr. Marling, by according some special recognition to those concerned.

I am, &c.

LOUIS MALLET.

[20639]

No. 549.

Sir Edward Grey to Mr. Marling.

(No. 186.)

(Telegraphic.) P.

Foreign Office, June 12, 1910.

DEFENCE of His Majesty's consulates in Persia.

The Government of India make the following recommendations:—

1. The strengthening of the defences of certain consular buildings;
2. The increase of the escort at Kerman (now consisting of six men) to fifty, with a machine gun; and
3. The maintenance of that at Shiraz at its present strength.

As regards (1), they propose to consult the local authorities, and we might await the result of their enquiries before giving an opinion.

As regards (2), serious disturbance, if it exists in the Kerman district, might render the dispatch of a small force unsafe, while in its absence the necessity for such a step might be doubtful. At the same time, further military intervention, if avoidable, is to be deprecated, and, moreover, it would seem well to give the Persian Government time to do something themselves towards the restoration of order on the southern roads, which they have recently shown a disposition to attempt. An increase might also have the effect of retarding the withdrawal of the Russian troops now in northern Persia.

As regards (3), owing to the dangerous state of the Shiraz-Bushire road, withdrawal would probably be impracticable in any case.

[20938]

No. 550.

Mr. Findlay to Sir Edward Grey.—(Received June 13.)

(No. 76. Secret.)

Sir,

Sophia, June 6, 1910.

I HAVE the honour to acknowledge the receipt of your despatch No. 35 of the 19th ultimo enclosing, with reference to my despatch No. 60 of the 27th April last, three memoranda on the negotiations concerning the Turco-Persian frontier since 1843.

In accordance with the suggestion contained in your despatch above mentioned, I called on my Turkish colleague, Assim Bey, this morning, and, after discussing various other subjects, I referred to what he had said to me some time ago on the subject of Russian action in Azerbaijan. I said that if we had not then been interrupted I should have told him frankly that I was under the impression that the Turks had been for years encroaching upon Persian territory. I had since studied correspondence on the subject extending as far back as 1843, and I found that I was quite correct in believing that Turkey had for all these years been continually encroaching. I supposed that Assim Bey was acquainted with the map showing the Turkish claims in

* No. 503.

1843, and with the map drawn up in 1850, which defined a neutral zone within which the frontier line was to be drawn. I now found that, according to our information, there were Turkish troops close to Urumia, at Mergaver, Solduz, in the Lahidjan, at Passova, and at other places, most of which lay to the east of the neutral zone and of the line showing the Turkish claims in 1843. The latest forward movement had begun under Abdul Hamid, and we had hoped that it would have ended with him. Assim here said a retrograde movement had been made after the establishment of the constitutional régime. I replied that I was aware of that, but that I found that the Turkish posts had since been pushed forward further than ever before. Assim admitted the fact, adding quietly: "You see we were afraid of Russian aggression, we could not allow Russia to creep round us. It was absolutely necessary for us to seize certain strategic positions, and we have done so." I pointed out that the Turkish troops had commenced their encroachments before Russian troops had advanced into Persian territory, and that consequently Turkey could not plead that the action of Russia had led to theirs. He and his Government were aware that our agreement with Russia was based on the integrity of Persia, which we were keenly interested in maintaining. Russia had sent troops to protect her subjects at a moment of great danger. There had been, it was true, some delay in withdrawing them, but it seemed to me quite possible that the attitude of Turkey on the Persian frontier might have been a cause contributory to this delay. I impressed upon Assim Bey that, in my personal opinion, he and his friends were going the wrong way to work, and that their case was quite indefensible. I added that if the information received at Constantinople as to the exact position of the Turkish troops did not agree with that received by the British, Russian, and Persian Governments, far the best thing for Turkey to do would be to agree to an enquiry on the spot by a commission of delegates of the countries interested, with a view to the ultimate delimitation of the frontier. It was dangerous for Turkey to leave this old sore open. By general consent Turkey was being given time to put its internal affairs in order. Turkey should use the respite with this object, and not in order to encroach on her neighbours, and to seize strategic positions in view of possible action on the part of Russia. By so doing his Government appeared to me to have put themselves absolutely in the wrong, and to be going to meet the imaginary danger they feared.

Assim Bey listened to what I said attentively and seriously. I was careful throughout to speak as though expressing merely my personal opinion, and, as both the conversations I have reported were entirely private, I trust that they may be regarded as such, and that Assim Bey's name may not be mentioned.

I only reported the previous conversation as it appeared to me probable that Assim Bey was acquainted with the real motives of the policy of his Government, and that Ministers in Constantinople might not venture to speak so freely as he has done.

I trust that I have dealt with the subject in accordance with your wishes, and that if I have succeeded in making an impression on Assim Bey it may have a good effect on his political friends in Constantinople and elsewhere.

I have, &c.

M. DE C. FINDLAY.

[20904]

No. 551.

Sir G. Lowther to Sir Edward Grey.—(Received June 13.)

(No. 367.)

Sir,

Constantinople, June 8, 1910.

WITH reference to my despatch No. 349 of the 30th ultimo, I have the honour to forward herewith a despatch from His Majesty's consul at Bussorah giving an account of the negotiations between the vali and the Sheik of Mohammerah through intermediary of Haji Reis.

I have, &c.

GERARD LOWTHER.

Enclosure 1 in No. 551.

Consul Crow to Sir G. Louther.

(No. 26.)

Sir,

Bussorah, May 14, 1910.

AS reported in my telegram No. 23 of the 8th May, Haji Reis called on me on the 7th May after his interview with the acting vali and informed me that the latter had shown him the conversation, as recorded in the telegraph office, between himself and the vali. The vali said he was glad to negotiate with Haji Reis, that he wished no ill to the sheikh personally and did not want to offer him any indignity, but laid the whole blame on Mohammed Chenan. He said they were both governors of their respective districts, and all he wanted from the sheikh was for him to keep his followers from causing disorders on Turkish territory, and not to conceal or protect criminals, who escaped from Turkey to Mohammerah, but to hand them over to justice. He wanted nothing more.

This seems a reasonable attitude, and I told Haji Reis so. He quite agreed and said the Persians were ready to do that.

As reported in my telegram No. 24 of the 9th May, the vali emphasised his desire to effect a reconciliation with the sheikh without the intervention of a third party, meaning the consulate. He also said he was willing to accept the sheikh's sole assurances in regard to the preservation of order and the surrender of criminals.

Haji Reis then told the acting vali that the sheikh would carry out this understanding as regards the future, and asked what the Turks required in regard to pending questions:—

1. The Menawee incident. Three persons out of six asked for by the Turks were actually under arrest at Mohammerah, and would be handed over, and they were looking for the others.

2. The murder of Chelmeran. The Persians regretted his death as much as the Turks, as he had been a friend of theirs and was useful to them, and if the murderer, who is known, was in Arabistan he would be arrested by the sheikh and given up, or if they ascertained that he was on Turkish territory they would inform the vali of his whereabouts.

3. The case of Mohammed Chenan. For reasons already stated the sheikh could not surrender Chenan. The acting vali proposed as a compromise that the sheikh should remove him from Zein, and not let him return to Turkey, and appoint another agent in his place. Haji Reis said that was all very well now, but the Turks ought to have made that proposal before bombarding the sheikh's property at Zein. The acting vali admitted it would have been the better course. Haji Reis said he would induce the sheikh to agree to this solution, but he must consult him, and in the meantime the acting vali was to communicate the proposal to the vali for his approval.

On the 8th May, Haji Reis received private information that orders had reached Shamil Pasha, the military commandant at Bussorah, to arrest him, and that he should at once return to Mohammerah as soldiers were already sent out to catch him. I said I did not believe the Turks were capable of such a breach of faith, but, as a precaution, I would send a cavass with him when he went to the acting vali, and I gave him a letter, copy inclosed, to hand to the latter. It was afterwards discovered that the information was merely given in order to frighten Haji Reis away and so break up the negotiation, and that there was no foundation for it. Haji Reis declined to give me the name of his informant, but as he had been calling on Seyyid Talib that morning, who arrived by the Russian steamer "Tigre" on the 8th May, I surmise the information must have come from him.

Haji Reis was very anxious I should say something specific to the Turks about the sheikh's assurances from the British Government. I told him I saw no advantage in using such an argument, at all events at present, and I said I gave the acting vali clearly to understand in my interview with him on the 5th May that His Majesty's Government attached great importance to a settlement locally, and feared complications if it were not effected, as we had considerable interests of a commercial nature in Arabistan. I added the Turks were quite intelligent enough to perceive that the sheikh himself was one of those interests, and that we were protecting him *ipso facto* by our intervention at the present juncture. It seemed a pity, I said, to use a big nail, which might split the plank, when a tin-tack would do the work. Haji Reis also consulted us as to what action the Persians should take in regard to the two official

communications addressed by the vali to the Persian consul-general at Bussorah on the 26th April, making direct accusations against the sheikh and covertly threatening to attack Mohammerah. I replied that my advice was to pigeonhole the letters and send no answer at all. I feared any reply might lead to an acrimonious correspondence and upset our work of reconciliation. Haji Reis promised me to advise the Persian consul-general accordingly, and I understand a mere formal acknowledgment will be sent.

The acting vali informed Haji Reis on the 9th May that the vali agreed to his proposal about Mohammed Chenan, whom the sheikh will remove from Turkish territory, appointing another agent in his place at Zein; that the questions between them were now settled in a friendly way, and there was nothing more. The letter addressed to me by the acting vali on the 8th May, in reply to mine, contained assurances to that effect. A copy of the acting vali's letter is inclosed.

Haji Reis replied, if all was now over, he would like him to write to the sheikh to say so, and that their disagreement had been ended in an amicable manner between himself and the acting vali. The acting vali replied that the sheikh should write first. Haji Reis then produced from his bag a letter written and sealed by the sheikh stating that he had sent Haji Reis as his plenipotentiary to settle matters, and handed it to the acting vali, adding that his instructions were to deliver the letter only if matters were settled in a satisfactory and friendly manner. The acting vali then agreed to give him his letter if he called later on in the afternoon. On Haji Reis's calling in the evening of the same day, the acting vali told him there was another question pending which must be settled before he wrote. It appears that shortly after the Zein incident on the 25th April a certain Ishak, an Arab, presented a petition to the vali to the effect that Haji Mustafa, Mirza Hamza's head moonshee and an Ottoman subject, had threatened to kill him in the presence of witnesses. A quarrel had occurred between them previously and Mustafa threatened Ishak, who now went in fear of his life. He was afraid to mention the matter before, fearing the wrath of Mirza Hamza, but, after the Zein affair, he plucked up courage and denounced Mustafa to the vali. The acting vali said Mustafa had gone to Mohammerah and must be sent back to take his trial in the usual way. Haji Reis agreed to attend the serai on the following day to give the public prosecutor time to make out his papers, and said he saw no difficulty in the surrender of Mustafa, who was a violent and bad-tongued man, whom the sheikh would not protect against the action of the judicial authorities.

On the night of the 9th May certain ill-disposed persons in Bussorah again endeavoured to break off negotiations by informing the Turkish authorities that the Arabs of Sheikh Khazal had collected in force and intended to attack Bussorah at midnight. The troops were ordered out and remained under arms, patrolling the town until morning, and the authorities were on the alert all night. There was no foundation whatever for the report, and I trust the incident may serve to allay Turkish suspicions against Mohammerah and lead the Turkish authorities to attach more credence than hitherto to the assurances of the sheikh's representatives. Haji Reis warned the acting vali some days ago that attempts to alarm the population would no doubt be made by interested persons, who viewed the reconciliation with disfavour and sought to fish in troubled waters.

On the 10th May Haji Reis attended the Serai, and official communications were exchanged with the criminal court regarding the case of Haji Mustafa. The evidence of the witnesses produced for the prosecution was not considered sufficient by the court to warrant criminal proceedings against Haji Mustafa, and the court quashed the charge.

The acting vali then gave Haji Reis a letter of reconciliation, written in Arabic, for the sheikh, and asked him to read it over and give him his observations. Haji Reis approved the terms of the letter, and admitted the justice of the acting vali's remarks in regard to the future conduct of affairs between Bussorah and Mohammerah. The letter was then brought to me, and I have the honour to enclose a translation of it. It is, in my opinion, suitable to the occasion, and is couched in terms consonant with the dignity of the Turkish Government, and offers no slight or indignity to the sheikh.

Haji Reis left on the evening of the 10th instant for Mohammerah to report the result of his negotiations to the sheikh. He expressed himself entirely satisfied with the solution of the matter, which has now been arranged, as directed by His Majesty's Government locally and in an amicable manner.

I have, &c.

F. E. CROW.

Enclosure 2 in No. 551.

Consul Crow to Saad Bey.

Mon cher Saad Bey,

Bassora, le 8 mai, 1910.

HAJI REIS est mon hôte et, ainsi que vous savez, mon Gouvernement est très désireux de finir la réconciliation entre vous et le Chéikh de Mohammerah le plus tôt possible. Haji Reis m'a mis au courant des pourparlers qui ont eu lieu entre vous ces derniers jours, et je suis heureux d'apprendre que les affaires sont en bon train. Vous me ferez plaisir en m'informant par l'entremise de Haji Reis quel est le résultat définitif de votre dernière conversation avec le vali, pour que je puisse en communiquer des nouvelles à mon Gouvernement, qui les attend avec impatience.

Veuillez, &c.

F. E. CROW.

Enclosure 3 in No. 551.

Saad Bey to Consul Crow.

Mon cher Mr. Crow,

Bassora, le 8 mai, 1910.

J'AI eu le plaisir de recevoir votre aimable lettre que vous avez bien voulu m'envoyer ce matin.

J'avais voulu justement hier vous communiquer la réponse de Vali Bey à votre gentille proposition de nous réconcilier avec le Chéikh Hazal, mais ayant la nouvelle douloureuse de la perte de votre auguste Souverain je n'ai plus osé vous déranger.

Quant à la réponse de Vali Bey, il vous remercie d'abord de tout son cœur et dit que, le Gouvernement ottoman n'étant jamais impuissant contre les malfaiteurs, le résultat de sa manière de rétablir le repos ne sera pas inquiétant, et par conséquent il sera mieux de ne rien traiter pour le moment avec Mohammerah,* surtout que nous n'avions jamais attaqué le chéikh.

Depuis avant-hier soir Haji Reis m'a fait sa proposition qui concerne l'arrestation de quelques malfaiteurs, et la livraison de quelques uns qui existent chez eux, et je lui ai promis la solution de la question d'être en bons termes avec le chéikh dans une condition tout à fait digne au prestige loyal du Gouvernement ottoman, et j'ai presque arrêté avec lui les points essentiels d'une façon claire et pacifique comme toujours, donc c'était notre but principal. Vous pouvez considérer donc la question est complètement achevée.

Agréer, &c.

A. SAAD.

Enclosure 4 in No. 551.

Saad Bey to Sardar Arfa Sheikh Khazal.

(Translation from the Arabic.)

(After compliments.)

Bassorah, April 27, 1326 (May 10, 1910).

HAJI MOHAMMED ALI CHELEBI has come to us, and we have had interviews with him, and he showed us your open letter, which you sent by him to hand to the vali of Bassorah, Nazif Bey Effendi. We have been in telegraphic communication with the vali at Amara on the subject until the day before yesterday. The vali has received this your request and statement, which you proffer for the purpose of strengthening the bonds of friendship, and gladly accepts them. But in order to assure continuance of this the vali has mentioned certain conditional stipulations and has referred them to me, in order that I may explain them to you. It is not concealed from your high knowledge that the action taken by the Government at Kut-el-Zein was merely to punish those who slighted the dignity of the constitutional Ottoman Power, who had no regard for the preservation of its honour, who used force and violence in opposition to it and the persons who were associated and connected with them; and also because certain people in your jurisdiction offered refuge and concealment to previous offenders, who were fugitives from justice (our object being), to check their evil ways. And our Government was compelled to adopt this legal action in order to redouble security and order and to consolidate them in Ottoman territory, and it saw that it was most necessary for it to act as it did. But this action did not touch your Excellency in any

* He means to leave Mohammerah out of the question in negotiating.—F. E. C.

respect whatever. Now, among the circumstances which led to it are the existence at Mohammerah of the authors of the outrage at Menawee, the recent aggression of Mohammed-el-Kenan on Turkish lands, his threatening to kill the owners, his collecting an armed force to oppose the commander of the battalion of gendarmes belonging to the State, by which means Mohammed Kenan supported rebellion, and, besides this, the fact that some of your followers are implicated and have a hand in the various outrages which have occurred, and these things continue to be in people's mouths, and they have been talking about them for a long time. The Ottoman Government saw and witnessed these constant occurrences, and relied on the word and the promises which you gave. But, when it noticed your silence in regard to the said Mohammed Kenan and his unlawful behaviour and rebellion, it was obliged to use force. For, if the Ottoman Government notices a man on every occasion offering disloyal opposition to it on Turkish soil, it does not wish to see his existence there or to think about him. So respect must be shown to the dignity of the Ottoman Government and to its excellence and its perfect justice. And as a proof of friendship and goodwill you must undertake first to surrender to the Government the authors of the incident at Menawee, and to make serious endeavour to pursue the murders of Chelmeran and arrest them, and, as regards Mohammed-el-Kenan, mukhtar of Kut-el-Zein, you must, as a punishment, not allow him to set foot on Ottoman soil, and if hereafter outrages occur on Turkish territory, and it is ascertained that the perpetrator of them has gone to your side, and his arrest and surrender are demanded, you must surrender him without any delay. This is the base of the maintenance of our good relations and friendship and the fundamental condition thereof. And if you accept this and give your word that you will hereafter respect our mutual rights in the way shown, and that if anything happens to the contrary you will hold the Ottoman Government excused for any action it may take—and be sure that you will be asked about these things—then there is absolutely nothing remaining between us to cause aversion or rancour. And you, too, hereafter may be quite sure that such regrettable incidents will not occur, and you will have no doubt whatever that the Ottoman Government will, in return, respect and honour you, and will, besides, aid you in the accomplishment of all your lawful demands. Peace be upon you and the mercy and blessing of God.

[21155]

No. 552.

Mr. O'Beirne to Sir Edward Grey.—(Received June 13.)

(No. 178.)

(Telegraphic.) P.

St. Petersburg, June 13, 1910.

PERSIAN advance.

I addressed a private letter to M. Isvolsky yesterday embodying the suggestions contained in your telegram No. 306 of the 11th instant, and I requested his Excellency to give me an interview to-day. At the latter his Excellency raised various objections to the course which you proposed that the two Governments should now pursue. He remarked that he did not understand the second alternative suggestion. Were we to advance the money even if the reply from the Persian Government were excessively unsatisfactory? I replied that I supposed that we should not refuse financial assistance when we had made the firm verbal intimation agreed upon, and when that incident was closed.

M. Isvolsky then said that there were certain points in connection with the advance which he had not yet been able to settle. The security available for repayment appeared to be insufficient. I observed that I could not understand this. I supposed that the security was as good now as in February last when the Minister of Finance had definitely consented to advance the same sum, and had been satisfied with the security available.

His Excellency next said that he had received a telegram from the Russian Minister at Tehran to the effect that in his and Mr. Marling's opinion the two representatives should be left discretion as regards the advance. His Majesty's Government proposed to act contrary to the advice of the two representatives. I pressed his Excellency to agree at any rate to send telegraphic instructions to M. Poklewsky to the effect that if the two representatives considered that they could thereby forestall an unfavourable reply from the Persian Government, they might promise the advance on the understanding that no reply would be sent. This course would amount to leaving the two representatives the necessary discretion. His Excellency finally said that as I was to meet him again to-night he would speak to me further on the subject then.

[20885]

No. 553.

Sir Edward Grey to Mr. Marling.

(No. 187.)

(Telegraphic.) P.

Foreign Office, June 13, 1910.

DISPUTE between the Sheikh of Mohammerah and the Vali of Bussorah.

Your telegram No. 251 of the 11th June.

I must examine the sheikh's case before reaching a decision.

[20019]

No. 554.

Foreign Office to India Office.

Sir,

Foreign Office, June 13, 1910.

WITH reference to my letter of the 14th July last relative to the protection of Bahrein in Persia, I am directed by Secretary Sir Edward Grey to transmit to you herewith copy of a despatch from His Majesty's chargé d'affaires at Tehran,* reporting that the Persian Government have now assimilated the formalities to be fulfilled in the case of persons visiting Bahrein to those prescribed in the case of travellers to Persian ports, a measure which constitutes a fresh attempt to assert Persian sovereignty over the island.

I am, however, to state that, in view of the fact that the position taken up by His Majesty's Government on the question of the status of Bahrein is clearly laid down in Sir G. Barclay's note to the Persian Government of the 13th May, 1909, Sir E. Grey is disposed, with Viscount Morley's concurrence, to inform Mr. Marling that his proposal to abstain from protest against this measure is approved.

I am, &c.

LOUIS MALLET.

[21309]

No. 555.

India Office to Foreign Office.—(Received June 14.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram from the Viceroy, dated the 13th June, relative to the Bunder Abbas consular guard.

India Office, June 14, 1910.

Enclosure in No. 555.

Government of India to Viscount Morley.

(Telegraphic.) P.

June 13, 1910.

BUNDER ABBAS guard. See your telegram of the 6th instant.

Orders have been issued to-day, with concurrence of legation at Tehran, for additional guard to return to India.

[21242]

No. 556.

Director of Military Operations to Foreign Office.—(Received June 14.)

THE Director of Military Operations presents his compliments to the Under-Secretary of State for Foreign Affairs, and requests to be informed whether there is any objection to leave being granted to Lieutenant-Colonel H. R. Beddoes, 4th battalion Royal Dublin Fusiliers, to visit Persia. This officer wishes to proceed on private business, and intends travelling via Germany and Baku to Tehran, and possibly to

* No. 504.

Ispahan. As Colonel Beddoes is anxious to start at the first opportunity, Major-General Ewart would feel extremely obliged if he could be favoured with a reply as early as possible.

War Office, June 13, 1910.

[21187]

No. 557.

Mr. Marling to Sir Edward Grey.—(Received June 14.)

(No. 252.)

(Telegraphic.) P.

Tehran, June 14, 1910.

ADVANCE to Persian Government.

With reference to your telegram No. 306 of the 11th June to Sir A. Nicolson:

Proposal to make an advance before Persian Government have agreed tacitly or otherwise to our declaration respecting concessions would, I venture to suggest, be impolitic under present circumstances. Such a step would be tantamount to condoning the recalcitrant attitude of Persian Government towards the two Powers. Further, application for the advance has not been renewed, and following reasons lead me to deprecate offering it to them. In view of the burdens which they already carry, customs could not serve as guarantee for service of an advance of even 400,000L, and it would be necessary to ask for further security—for example, the profits of the mint. By offering the advance, we shall lay ourselves open to the accusation of being actuated simply by a desire to obtain a lien on the best security in Persia that still remains unpledged.

[21329]

No. 558.

Mr. O'Beirne to Sir Edward Grey.—(Received June 14.)

(No. 179.)

(Telegraphic.) P.

St. Petersburg, June 14, 1910.

MY immediately preceding telegram.

Proposed joint advance to Persian Government.

This morning, with the consent of M. Isvolsky, I discussed the above matter with the Minister of Finance. M. Kokovtsoff, though disapproving entirely of the advance, said that he would consent to it if he were satisfied as to the existence of adequate security for the repayment of it. According to his calculations the revenues of the northern customs, after paying the interest on the Russian debt actually existing, did not leave sufficient margin to meet this new obligation. He pointed out that the position of Great Britain was different, as her debt was not so large and she had the customs revenues of the Gulf ports as security. To my enquiry as to whether he had taken into account the profits accruing from the mint M. Kokovtsoff gave an affirmative reply. I then asked his Excellency whether he would consider it a satisfactory solution if the whole advance of 400,000L. were secured on the surplus of the customs of the south as well as on the customs of the north. He said that he would be satisfied with this, but that a further difficulty must first be disposed of. The Persian Government must drop their proposal that silver should be admitted free of duty. M. Poklewsky had already protested against this proposal, which would diminish by 50,000L. the receipts of the northern customs.

I, of course, explained to M. Kokovtsoff that my suggestion that the surplus of the southern customs should be made part security for the whole advance of 400,000L. was purely a personal one. Is there any objection to this being done?

[21417]

No. 559.

Sir Edward Grey to Mr. Marling.

(No. 189.)

(Telegraphic.) P.

Foreign Office, June 14, 1910.

ACCORDING to the Persian Minister two sons of the Shah remain at Tehran, and his Government propose to deduct a sum sufficient for their maintenance from the next payment made to His Imperial Majesty.

[1722]

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One of the sons is unwilling to adopt a suggestion made by the Russian Minister that he should join his father at Odessa.
If you have any observations to make, please telegraph.

[20532]

No. 560.

Sir Edward Grey to Mr. O'Beirne.

(No. 316.)

(Telegraphic.) P.

Foreign Office, June 14, 1910.

THE Imperial Bank of Persia can no longer delay their answer to the Persian Government's request respecting arms and ammunition, and propose to conclude the transaction at once (see your telegram No. 173 of the 8th June). They have waited till now to oblige us, and state that their position in the eyes of the Persian Government is already damaged by their attitude.

Inform Russian Minister for Foreign Affairs, who, I had hoped, would have before now enabled me to recommend same suggestion to the bank.

[21242]

No. 561.

Foreign Office to Director of Military Operations.

THE Under-Secretary of State for Foreign Affairs presents his compliments to the Director of Military Operations, and begs to acknowledge the receipt of his letter of yesterday relative to the desire of Lieutenant-Colonel H. R. Beddoes, 4th battalion Royal Dublin Fusiliers, to visit Persia on private business.

Sir C. Hardinge begs to inform Major-General Ewart, in reply, that there is no objection on the part of this Office to leave being granted to this officer for the purpose indicated.

Foreign Office, June 14, 1910.

[21437]

No. 562.

Mr. Marling to Sir Edward Grey.—(Received June 15.)

(No. 253.)

(Telegraphic.) P.

Gulahak, June 15, 1910.

INCREASE in consular escorts.

In reply to enquiries contained in your telegram No. 186 of the 12th June, I have the honour to report that—

1. His Majesty's consul at Kerman is in favour of an increase of the consular guard on grounds of general insecurity only. He admits, however, that district is at present undisturbed.

An increase of escort does not appear to me to be necessary for the security of consul when at Kerman, though such a reinforcement might be useful in exceptional circumstances if he is obliged to go on tour, but for this purpose twenty men would be sufficient.

With regard to 2, I agree.

3. Until I know what the consulates are it is impossible for me to express an opinion.

[21434]

No. 563.

Mr. O'Beirne to Sir Edward Grey.—(Received June 15.)

(No. 180.)

(Telegraphic.) P.

St. Petersburg, June 15, 1910.

YOUR telegram No. 316 of the 14th June.

Proposed supply of arms to Persian Government.

At my interview with M. Isvolsky to-day, his Excellency said that the reply which he had been awaiting from the Russian military authorities had now reached him. I expressed my regret that the reply had not been received yesterday, and I communicated

to him the substance of your telegram referred to above. M. Isvolsky reminded me that overtures had previously been made by Persia to the Russian Government for the supply of these arms, and asked whether I was aware that Mr. Marling had now expressed the opinion that the order ought to go to Russia. I replied that I had gathered that this was Mr. Marling's opinion. M. Isvolsky then promised to send me a written reply, which would be to the effect that the Russian Government were prepared, on certain terms, to accept the contract for delivery of the rifles and ammunition immediately, but they were not in a position to supply at once the revolvers which were required. I asked whether any fresh pourparlers had taken place with regard to this contract between the Russian and Persian Governments, and M. Isvolsky replied in the negative.

I said that the question was one which might give rise to serious difficulties. How could we prevent the bank from carrying out their contract if they insisted upon doing so, which was quite probable? The bank's terms might, moreover, be more favourable to Persia than those which the Russian Government were prepared to offer. To this M. Isvolsky merely replied that his written communication would be on the lines indicated above, and that we could discuss the points to which I had referred later on.

[21435]

No. 564.

Mr. O'Beirne to Sir Edward Grey.—(Received June 15.)

(No. 181.)

(Telegraphic.) P.

St. Petersburg, June 15, 1910.

M. ISVOLSKY, speaking to me to-day on the subject of a joint advance by the two Powers to the Persian Government, told me that the proposal was accepted in principle by the Imperial Government on condition that (a) the Persian Government dropped the proposed importation of silver free of duty, and (b) that security was found which would be sufficient to guarantee repayment of the advance. As far as the second point was concerned, the Minister for Foreign Affairs told me that the suggestion which I had made in conversation with the Minister of Finance, that the revenues of both the northern and southern customs should be used to guarantee the advance, would facilitate matters. I pointed out to M. Isvolsky that this suggestion was purely a personal one.

His Excellency also made the stipulation that only when the two representatives at Tehran considered the moment opportune should the advance be made to the Persian Government.

[21329]

No. 565.

Sir Edward Grey to Marling.

(No. 191.)

(Telegraphic.) P.

Foreign Office, June 15, 1910.

JOINT advance. Please see St. Petersburg telegram No. 179.

Can you discover what considerations have made M. Kokovtsoff change his mind about customs revenues, supplemented by mint profits, being sufficient security? When the question of a joint advance was raised last year he seemed ready to accept this security.

The whole of customs revenue were treated as security for the whole loan in the joint note to the Persian Government, referred to in Sir G. Barclay's despatch No. 22 of the 16th February, and it was not stipulated in previous negotiations with the Russians that southern ports customs revenues should be used as security for British share only. I should be glad to have your opinion, as I wish to consult the India Office on this point.

Can you explain what is meant by proposal to admit silver into Persia duty-free? I imagine that duty is not paid on silver imported by Persian Government for minting purposes, and so I suppose that contract between Imperial Bank of Persia and Persian Government, referred to in Sir G. Barclay's despatch No. 44 of the 24th March, is in question.

[21497]

No. 566.

India Office to Foreign Office.—(Received June 16.)

Sir,

India Office, June 15, 1910.

I AM directed by Viscount Morley to invite the attention of Secretary Sir E. Grey to the telegram from the Viceroy of the 10th instant regarding a recent attack on a caravan of British Indian subjects, reported by the vice-consul at Yezd.

Lord Morley would be glad if His Majesty's chargé d'affaires at Tehran were informed by telegraph that the Government of India agree to the expenditure proposed for the relief of the fifteen British Indians now at Yezd in a state of destitution.

I am, &c.

R. RITCHIE.

Enclosure in No. 566.

Government of India to Viscount Morley.

(Telegraphic.) P.

June 10, 1910.

REPORT from vice-consul at Yezd states that on some unknown date in May an attack was made between Bahbad and (? Tabbas) on caravan of British Indian subjects, and that bulk of property was carried off, and seven men killed and four wounded after severe fighting. Following telegram, dated the 1st instant, received from His Majesty's chargé d'affaires at Tehran:—

"There are now at Yezd fifteen British Indian subjects in a state of destitution. Persian Government has been communicated with. Repatriation is practically impossible in present state of roads; please, therefore, in the meanwhile sanction grant of 500 krans in relief, which is more economical course."

Expenditure is agreed to by Government of India. We should be glad if intimation to this effect could be made to His Majesty's chargé d'affaires at Tehran.

[21500]

No. 567.

India Office to Foreign Office.—(Received June 16.)

(Confidential.)

Sir,

India Office, June 15, 1910.

I AM directed by the Secretary of State for India in Council to acknowledge receipt of your letter of the 19th May, enclosing copy of a letter from Messrs. Gray, Dawes, and Co. relative to the establishment of a wireless telegraph station at Bahrein, and to the unsatisfactory working of the telegraph at Mohammerah.

With regard to the proposed establishment of wireless telegraphy in the Persian Gulf, I am to say that apart from certain telegrams as to temporary wireless installations in connection with the arms traffic at Debai, Bahrein, and Bushire, the only communication that has passed between the Secretary of State and the Government of India, since the telegram from the Government of India, dated the 5th December last, referred to in your letter, is a telegram addressed to the Government of India on the 7th January last, copy of which is enclosed for your information.

Messrs. Gray, Dawes, and Co. might be informed that the question of establishing a system of wireless telegraphy in the Persian Gulf, including a station at Bahrein, has been seriously considered by the Secretary of State for India in communication with the Government of India, but that it is impossible to say when the financial position of the Government of India will allow of the scheme being actually taken in hand.

With regard to the Mohammerah telegraphs, Lord Morley sees no objection to Messrs. Gray, Dawes, and Co. being informed in confidence of the present position of the arrangements with the Persian Government for the transfer to the Indo-European telegraph department of the working of the Ahwaz-Borasjun-Mohammerah telegraph line.

I am, &c.

ED. MONTAGU.

Enclosure in No. 567.

Viscount Morley to Government of India.

(Telegraphic.) P.

India Office, January 7, 1910.

YOUR telegram of the 5th December, 1909. Please refer to last two sentences of my telegram of the 12th September last.

Whatever your financial position, there should be no question of introducing the wireless scheme in the Persian Gulf until you have submitted the complete estimate and the scheme has been sanctioned.

[21587]

No. 568.

Mr. Marling to Sir Edward Grey.—(Received June 16.)

(No. 254.)

(Telegraphic.) P.

Tehran, June 16, 1910.

JOINT advance to Persian Government.

Persian Government do not appear anxious to apply to the two Governments for the advance, and their attitude is largely due to the belief that the international syndicate is ready to offer them the money on easier terms, and that such a transaction with a British group cannot raise any objection on the part of the joint Powers. Mr. Osborne assures me that his syndicate will take no steps counter to wishes of His Majesty's Government, but his continued presence in Tehran, for which he is unable to afford any reasonable explanation, hampers our action.

In view of these circumstances, I am of opinion that we shall be obliged to reduce rate of interest to perhaps 5 per cent. rate of former loans if we desire to convince Persian Government of our desire to assist them.

M. Poklewski is of the same opinion, and is telegraphing in the same sense to St. Petersburg.

[21588]

No. 569.

Mr. Marling to Sir Edward Grey.—(Received June 16.)

(No. 255.)

(Telegraphic.) P.

Tehran, June 16, 1910.

IN reply to your telegram No. 189 of the 14th June, I have the honour to state that, in addition to present Shah and the Valiahd, there is only one other son of Mehemed Ali Mirza in Tehran, the eldest. By the terms of the protocol Mehemed Ali undertook to maintain his family with the exception of the heir to the throne. He is ready, I understand, provided that his paternal right to have him with him is respected, to pay for maintenance of his eldest son. It is probable that the Persian Government, fearing that the boy may become a focus of intrigue, are as much opposed to his departure from Persia as the boy himself. I agree, however, with M. Poklewski, that Mehemed Ali Mirza's contention is just, and that there can be no claim against him for the boy's maintenance so long as the boy remains in Persia.

[21589]

No. 570.

Mr. O'Beirne to Sir Edward Grey.—(Received June 16.)

(No. 183.)

(Telegraphic.) P.

St. Petersburg, June 16, 1910.

PROPOSED supply of arms to the Persian Government.

I should explain that in my telegram No. 180 of the 16th June the words "on certain terms" were used by M. Isvolsky as meaning "at a certain price."

From the language used by M. Isvolsky, I rather gathered that there would be no objection on the part of the Russian Government to the bank taking the contract for the supply of revolvers and revolver ammunition, but it would be safer, with regard to this point, to await the communication in writing which M. Isvolsky has promised to send me.

[1722]

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[20020]

No. 571.

Foreign Office to India Office.

Sir,

Foreign Office, June 16, 1910.

I AM directed by Secretary Sir Edward Grey to transmit to you herewith copy of a despatch from His Majesty's chargé d'affaires at Tehran relative to the attack made by robbers on Mr. J. H. Bill, recently acting British consul at Shiraz, near Shulgistan, on the 15th April last.*

I am to state that the particulars supplied by Mr. Bill himself regarding this affair appear to justify the bold course which he adopted in attacking his assailants, and that Sir E. Grey would accordingly suggest that he should be informed that his action in this respect is approved.

Sir E. Grey would further desire to express his agreement in the recommendations made by Mr. Bill as to the recognition to be extended to the sowars of his Indian escort for their gallant conduct on this occasion, and to instruct Mr. Marling to take the action suggested by Mr. Bill as regards the bestowal of a suitable reward on the Vakillbashi and Persian Cossacks who were present if he sees no objection to such a course, and has not already taken the necessary steps to attain this object.

I am finally to request that Lord Morley's attention may be called to Mr. Bill's suggestion, that some more effective kind of ammunition should be supplied to His Majesty's consular establishments in Persia for use by their escort on occasions like that in question, and to express the hope that his Lordship may take into favourable consideration Mr. Bill's plea that, in the circumstances of the case, the period occupied by his journey may be reckoned as service and not as leave.

I am, &c.

LOUIS MALLET.

[21652]

No. 572.

India Office to Foreign Office.—(Received June 17.)

Sir,

India Office, June 16, 1910.

IN reply to your letter, dated the 4th June, 1910, as to the Turco-Persian frontier in the neighbourhood of Mohammerah, I am directed to say that the Secretary of State for India concurs in the proposal of Secretary Sir E. Grey to inform His Majesty's consul-general at Bushire that His Majesty's Government adhere to the decision conveyed in the despatch No. 146 of the 27th October last regarding the frontier *status quo* as locally observed and the line drawn by the mediating Commissioners in 1850.

Viscount Morley concurs also in the further explanations that it is proposed to give to Colonel Cox.

I am, &c.

R. RITCHIE.

[21744]

No. 573.

Mr. Marling to Sir Edward Grey.—(Received June 17.)

(No. 256.)

(Telegraphic.) P.

Tehran, June 17, 1910.

ADVANCE to Persian Government.

With reference to your telegram No. 191 of the 15th June, and St. Petersburg telegram No. 179 of the 14th June, received Tehran, 17th June.

Average receipts of both northern and southern customs for last five years are practically entirely absorbed by charges including quasi-fixed charges, which it is most desirable to leave undisturbed. (Please see Sir G. Barclay's despatch No. 200 of the 27th October, 1909.) Russian Minister of Finance, I think, desired merely to point out that Customs afford practically no security at all in these circumstances.

There appears to me no reason why, as originally proposed, the whole customs revenues should not be devoted as security to the advance.

* No. 506.

The free importation of silver for minting purposes would cause the receipts of northern customs to be diminished by as much as 300,000 toman for the current year. Hence the objection raised by Russian Government.

[21740]

No. 574.

Mr. O'Beirne to Sir Edward Grey.—(Received June 17.)

(No. 184.)

(Telegraphic.) P.

St. Petersburg, June 17, 1910.

SUPPLY of arms and ammunition to the Persian Government.

M. Isvolsky has now sent me the promised communication in writing on the above subject. His Excellency states that the Russian Ministry of War have signified their readiness to supply 50,000 rifles and 15,000,000 rifle cartridges to the Persian Government. The communication concludes by saying that it would probably be impossible to execute the contract for Mauser revolvers in Russia, owing to the fact that the inventor of these weapons has reserved his rights of manufacturing them.

[21497]

No. 575.

Sir Edward Grey to Mr. Marling.

(No. 192.)

(Telegraphic.) P.

Foreign Office, June 17, 1910.

INDIAN Government are prepared to allow 500 krâns to meet expenses of relief in connection with attack on British-Indian caravan near Yezd.

[21775]

No. 576.

Mr. Marling to Sir Edward Grey.—(Received June 18.)

(No. 85.)

Sir,

Tehran, June 1, 1910.

WITH reference to my telegram No. 244 of the 29th ultimo, I have the honour to transmit herewith paraphrase of a telegram from His Majesty's consul-general at Bushire respecting the relations of the Sheikh of Mohammerah with the Vali of Bussorah.

I have, &c.

CHARLES M. MARLING.

Enclosure in No. 576.

Consul-General Cox to Mr. Marling.

(Telegraphic.) P.

Bushire, May 28, 1910.

I HAVE received to-day a letter from Lieutenant Wilson reporting conversation with Sheikh of Mohammerah. The views of the sheikh, he states, are exactly those set forth in Mohammerah telegram No. 460 (see my telegram of the 13th May), but he qualifies them by admitting that such retaliatory measures as he might have taken would only have been temporarily effectual, since the Turks' rising naval power would in the end make them masters of the situation. With regard to terms of acting vali's letter, sheikh said with great earnestness that his honour was at stake, and begged us to devise some solution whereby his prestige in the eyes of his followers should not be diminished. Letter was offensive both in tone and implication, he continued, and it was impossible for him to hand over fugitive criminals without a reciprocal arrangement on the part of the Turkish authorities, and even if such an arrangement were to be concluded and he were to sign an undertaking such as that desired by vali, it would place the Turks in a position to raise trouble at will by pretending that Bussorah police had "ascertained" that the criminals had fled to Mohammerah territory.

With a view to co-operation, His Majesty's consul at Mohammerah suggests following replies, which, in general, have the concurrence of the sheikh:—

1. On the question of the Minawi robberies sheikh will state that he had actually caught three of accused previous to his departure for Ahwaz, and was about to surrender them when such a step was incidentally rendered impossible by the bombardment.

2. With regard to Chelnara murder he will reply that he was on intimate terms with the deceased, and none could be more anxious than himself to avenge the crime, but he was not aware that the murderer had ever entered his territory.

3. He will agree not to send Mohammed Chenan back to Zain, but maintains that he is a Persian subject, and points out that, notwithstanding that he brought him to Bussorah to tender an explanation, they were refused admittance to the vali until the sheikh had surrendered Chenan, who had married his sister, to the local authorities.

4. Concerning the surrender of fugitive criminals, sheikh proposes to reply that he is not empowered, as a Persian subject under the authority of the Central Government in Tehran, to conclude any formal extradition arrangement with the Turkish governor, but he will promise to do his utmost to co-operate unofficially.

With reference to the personal side of the question, the sheikh has urged that some reparation for action taken with the deliberate intention of damaging him should be offered by the vali. He added that he has heard that since leaving Bussorah vali had warned Arab and Turkish headmen to refrain from having any sort of relations with sheikh under threat of imprisonment and dismissal. His Majesty's consul at Mohammerah informed sheikh that His Majesty's Government would endeavour to obtain an expression of regret in suitable terms from vali.

In conclusion, sheikh said that the affairs of Koweit were connected with the vali's sudden action against him. It appeared that Sheikh Mubarak had lately been coquetting in various ways with Vali of Bussorah, and had deferred to latter's wishes in regard to the enlistment in the gendarmerie of twenty Koweit men. Mubarak had stated to Sheikh of Mohammerah that vali had asked him for a grant of a piece of land in Koweit for a telegraph office, and he had not discouraged vali, but had returned a temporising reply. Sheikh of Mohammerah stated that he had warned Mubarak that he was adopting a dangerous policy and would alienate His Majesty's Government, and as a result of this conversation Mubarak refused to hand over the land definitely to vali. Subsequently vali informed a mutual friend that Sheikh of Mohammerah was now interfering in affairs of Koweit and damaging Turkish interests, and that he would end it.

I have not been able to obtain any information regarding the question of telegraph office, but recent reports received from Koweit lend some colour to the statement concerning gendarmerie and to the coquetry generally.

I think that, subject to your views, proposed replies of sheikh are suitable.

[21867]

No. 577.

India Office to Foreign Office.—(Received June 18.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram from the Viceroy, dated the 17th June, regarding the proposed decoration for the Sheikh of Mohammerah.

India Office, June 18, 1910.

Enclosure in No. 577.

Government of India to Viscount Morley.

(Telegraphic.) P.

June 17, 1910.

PROPOSAL to grant Sheikh of Mohammerah a decoration has been revived by resident, Persian Gulf, in a telegram to Tehran, dated the 10th instant. This suggestion has my support, and I recommend that honorary K.C.I.E. should be given him.

[21876]

No. 578.

Mr. O'Beirne to Sir Edward Grey.—(Received June 18.)

(No. 185.)

(Telegraphic.) P.

St. Petersburg, June 18, 1910.

M. ISVOLSKY informed me to-day that there had been a murderous assault on a Russian subject at Tabreez by Persian policemen. His Excellency stated that the Russian Government had been obliged to "show their teeth" in regard to the matter. Several of the policemen responsible have been arrested by the Russian troops.

An incident which had occurred at Astara was, his Excellency said, another cause of complaint against the Persian Government. Troops had fired on Russian Astara from a steamer, on which they had been embarked by Ephrem. M. Isvolsky said that these incidents could not be allowed to pass unnoticed, though they were not important.

[21587]

No. 579.

Foreign Office to Treasury.

(Secret.)

Sir,

Foreign Office, June 18, 1910.

I AM directed by Secretary Sir Edward Grey to refer to my letter of the 19th February, setting forth the conditions on which His Majesty's and the Russian Governments had decided to comply with the request of the Persian Government for the advance of a sum of 400,000*l.*, and to the last paragraph of my letter of the 21st April, stating that the question of making this advance was indefinitely suspended.

I am to state that on the 23rd ultimo His Majesty's chargé d'affaires at Tehran reported by telegraph that Nasr-ul-Mulk, a prominent Persian statesman not at present a holder of office in the Persian Government, had, in conversation, reverted to the question of a joint advance by the two Powers, and that he himself and the Russian Minister had already received vague intimations that financial assistance in this form would be welcome to the Persian Government.

Nasr-ul-Mulk had stated that the Persian Cabinet had come to realise the necessity of solidarity and of friendly and intimate relations with the two Powers, and to understand that the conditions attached by the latter to the advance on the last occasion when the question had arisen, which had alarmed public opinion and caused the rejection of the offer, were formulated as a defence of the lenders' interests, and did not indicate the existence of any designs on their part against Persia. The Persian Government had since satisfied the two Powers on one of the points insisted on in the conditions and were about to do the same on another, viz., the engagement of European experts as advisers to the Persian Ministry of Finance. They were in serious need of money, and had practically pledged themselves not to obtain it except through the two Powers, to whose assistance they had therefore a strong moral claim.

Mr. Marling further reported that the Persian Minister of Finance had had a long and friendly conversation with the Russian Minister on the same subject, and that the two representatives were agreed that a very perceptible change had recently taken place in the attitude of the Persian Government towards the two Powers, and were of opinion that it would be unwise to neglect the opportunity offered of gaining the confidence of Persia by giving a tangible proof of the friendly feeling of Great Britain and Russia towards that country.

Mr. Marling accordingly suggested that, provided that foreign financial advisers were engaged, the two Powers should make the advance without further conditions, except such as might be necessary to furnish security for its service and repayment in the event of the flotation of a subsequent larger loan. He was of opinion that such a step would inspire confidence and give stability to the present Persian Cabinet.

Sir E. Grey, who shared the view expressed by Mr. Marling, accordingly addressed on the 25th ultimo a telegram to His Majesty's Ambassador at St. Petersburg, instructing him to ascertain the views of the Russian Minister for Foreign Affairs on this proposal, and to inform his Excellency that His Majesty's Government, being of opinion that the two Powers should do all they could to encourage the friendly overtures of the Persian Government, were prepared to provide their share of an advance of 400,000*l.* without conditions, provided that the Russian Government would agree to do the same.

The Russian Government have now signified their acquiescence in this proposal,

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but no formal request for the assistance required has yet been received from the Persian Government.

As regards this latter point, Mr. Marling reported by telegraph on the 16th instant that their reluctance to apply for it was in a great measure due to the belief that they could obtain the money from other private sources on easier terms than from the two Powers, and that the latter could not object to their having recourse to the quarter indicated for that purpose.

Such a course would be, for various reasons, detrimental to British interests in Persia, and Mr. Marling suggested in the circumstances that the two Powers, in order to convince the Persian Government of their desire to assist them, should reduce to 5 per cent. the rate of interest to be demanded for the advance, which, it will be remembered, was fixed at 7 per cent. when the question was last under discussion, though 5 per cent. is the rate borne by the Anglo-Indian loans of 1903 and 1904.

M. Poklewski concurs in the view expressed by Mr. Marling, and has reported to his Government in the same sense.

I am to state that Sir E. Grey desires strongly to support the recommendation of the two representatives, and I am accordingly to express the hope that, if the expected application is received from the Persian Government, the Lords Commissioners of His Majesty's Treasury may see their way to give effect to it by sanctioning the reduction to 5 per cent. of the rate of interest on the 100,000*l.* which represent the share of the British moiety of the advance to be provided from Imperial funds.

I am to add that the consent of His Majesty's Secretary of State for India is being sought to a similar reduction in the case of the 100,000*l.* which will be forthcoming from Indian sources.

I am, &c.
W. LANGLEY.

[21587]

No. 580.

Foreign Office to India Office.

Sir,

Foreign Office, June 18, 1910.

VISCOUNT MORLEY is aware, from a perusal of telegraphic correspondence which has recently passed between Secretary Sir Edward Grey and His Majesty's representatives at St. Petersburg and Tehran, that the Persian Government are expected shortly to renew their application to His Majesty's and the Russian Governments for financial assistance, and that the latter are of opinion that it is desirable, in order to win the confidence of the Persian Government, to comply with this request by a joint advance of 400,000*l.* without imposing any conditions, except such as may be necessary to furnish security for its service and for its repayment in the event of the flotation of a subsequent larger loan, provided that foreign experts are engaged as advisers to the Persian Ministry of Finance.

I am to transmit to you herewith copy of a telegram from Mr. Marling,* reporting the reasons for which, in his opinion, the expected application of the Persian Government is being delayed, and expressing the view that, if the two Powers wish to convince Persia of their desire to assist her, they should reduce the rate of interest to be demanded for the advance from 7 to 5 per cent., the rate borne, it will be remembered, by the Anglo-Indian loans of 1903 and 1904.

It will be seen that the Russian Minister at Tehran concurs in the view expressed by Mr. Marling, and has reported to his Government in the same sense.

I am to state that Sir E. Grey desires strongly to support the recommendation of the two representatives, and I am to express the hope that, if the expected application is received from the Persian Government, Lord Morley may see his way to sanction the proposed reduction in the case of the 100,000*l.* which represent the share of the British moiety of the advance to be provided from Indian funds.

I am to add that the consent of the Lords Commissioners of His Majesty's Treasury is being sought to a similar reduction in the case of the 100,000*l.* which will be forthcoming from Imperial sources.

I am, &c.
W. LANGLEY.

[12670]

No. 581.

Foreign Office to India Office.

Sir,

Foreign Office, June 18, 1910.

IN accordance with the request contained in the last paragraph of your letter of the 16th February last, I am directed by Secretary Sir Edward Grey to transmit to you herewith draft of a despatch which he proposes, with the concurrence of Viscount Morley, to address to His Majesty's chargé d'affaires at Tehran, furnishing him with instructions relative to the renewed assurances to be conveyed to the Sheikh of Mohammerah on behalf of His Majesty's Government.

I am to request that Sir E. Grey may be furnished with any observations which Lord Morley may have to offer on this paper, but at the same time to suggest that the definite decision of the question whether the assurances should be given forthwith should be deferred till His Majesty's Government have had an opportunity of examining the sheikh's statement of his case against the Vali of Bussorah, with whom he has lately had a dispute.

If this statement should appear to justify the sheikh's acts and his attitude towards the vali, Sir E. Grey would propose that the assurances should be conveyed to his Excellency at once, but if not the question should, in his opinion, receive reconsideration.

It would appear from Mr. Marling's telegram No. 251 of the 11th instant, a copy of which is already in Lord Morley's possession, that the statement in question may shortly be expected.

I am, &c.
W. LANGLEY.

[21434]

No. 582.

Foreign Office to Imperial Bank of Persia.

(Confidential.)

Sir,

Foreign Office, June 18, 1910.

WITH reference to your letter of the 4th and my reply of the 25th ultimo relative to the request of the Persian Government that the Imperial Bank of Persia should engage the services of an expert for the purchase of arms and ammunition on their behalf, I am directed by Secretary Sir Edward Grey to state, for the confidential information of your directors, that, so long ago as the 11th November, 1909, His Majesty's Minister at Tehran reported that the Persian Government had asked the Russian Government to sell them 10,000 rifles and 2,500,000 cartridges, to be paid for later. The Russian Government, however, returned no reply to this demand, and it was probably their silence which led the Persian Government to approach the bank with the request which forms the subject of the present correspondence.

Your directors are already aware from my letter of the 25th ultimo that on that day Sir E. Grey addressed a telegram to His Majesty's chargé d'affaires at St. Petersburg, instructing him to endeavour to expedite the reply of the Russian Government to the enquiry made of them as to whether they had any objection to the proposed transaction, and I am to inform you that on the 30th ultimo he dispatched to Mr. O'Beirne a further message, requesting him to express to the Russian Minister for Foreign Affairs the hope of His Majesty's Government that his answer would not be unduly delayed, and on the 3rd June a reply was received to the effect that these renewed instructions had been carried out.

On the 7th June Sir E. Grey again telegraphed to Mr. O'Beirne, instructing him to use certain arguments to M. Isvolsky with a view to reconcile his Excellency to the transaction in case his reply should be further put off or should be unfavourable, and the next day Mr. O'Beirne reported that he had already acted as directed, and that his Excellency had expressed extreme regret at the delay which had occurred, which was due to the absence of an answer from another department of the Russian Government, with which he was in communication on the subject.

On the 14th June, on the receipt of a telephonic message from the bank, Sir E. Grey again telegraphed to Mr. O'Beirne, instructing him to inform M. Isvolsky that your directors were unable to wait any longer, and proposed to conclude the transaction at once, and to add that Sir E. Grey had hoped to be by then in possession of some proposal which he could recommend to the bank.

In his reply, received on the 16th instant, Mr. O'Beirne reported that M. Isvolsky had told him that he had received the answer from the military authorities which he had been awaiting, and that his Government were prepared to comply with the request of the Persian Government by accepting a contract for the immediate delivery of rifles and ammunition at a certain price, but that they were not prepared to furnish revolvers at once. There had been no further communications on the subject between the Russian and Persian Governments. His Excellency promised to send to Mr. O'Beirne a written reply in this sense.

I am accordingly to enquire what stage the transaction between the bank and the Persian Government has now reached, and whether your directors would see their way, with the consent of the latter, to make some proposal which might become the basis of an arrangement whereby the contract might be shared with the Russian Government, whose co-operation in connection with this matter was sought before that of the bank.

I am to add that, according to a further telegram from Mr. O'Beirne, he has now received the promised written communication from M. Isvolsky, which states that the Russian Ministry of War would be glad to undertake a contract for 50,000 rifles and 15,000,000 cartridges. The contract for Mauser revolvers could not probably be executed in Russia, owing to the fact that the rights of the inventor of that weapon are reserved.

It is, in the opinion of the Secretary of State, very desirable that the Imperial Bank should endeavour, through the Persian Government, to come to some understanding for co-operation with the Russian Government in the proposed contract.

I am, &c.

W. LANGLEY.

[21975]

No. 583.

Mr. Marling to Sir Edward Grey.—(Received June 20.)

(No. 86. Confidential.)

Sir,

Tehran, June 3, 1910.

I CALLED on the Persian Minister for Foreign Affairs on the 28th ultimo, and enquired what impression the joint declaration explaining the wishes of Great Britain and Russia in regard to the grant of concessions affecting their political or strategic interests had produced on the Cabinet, and gave his Excellency to understand very clearly that His Majesty's Government did not consider that the note required an answer, and would, indeed, prefer that none should be sent.

Moavim-ed-Dowleh said that internal affairs had occupied the Government so much that they had had no time to give the note proper consideration, but he thought personally that they would wish to utilise the opportunity of replying to moot other questions which they desired to discuss. His Excellency was obviously extremely anxious not to commit himself, and I could extract nothing from him more definite than the above, nor would he even hint at the nature of the other topics which the Persian Government wish to bring forward. The impression produced on me was that the Government's attitude towards the two Powers was slightly less favourable than a fortnight previously. There is nothing surprising in this, for it cannot be expected that a heterogeneous Cabinet such as the present, with little internal cohesion and divided on questions of external policy, should for long preserve a constant attitude in its relations towards us; but I fear that a more immediate cause is to be found in the three incidents which I have the honour to report in another despatch of this date, and that although the Ministers themselves may recognise that direct responsibility for these unfortunate occurrences cannot properly be laid at the door of the Russian Government public opinion will and does take quite a different view, and the Government will not be strong enough to act in defiance of it. In these circumstances, I am inclined to believe that it may require some little time before the Government will think it opportune to approach the two Powers with a view to obtaining the financial assistance of which the country is in so urgent need.

M. Poklewski, I admit, is not of this opinion, as he has had several occasions recently of seeing the Minister of Finance, who has intimated that the Government must have recourse to the assistance of the two Powers at an early date. M. Poklewski, perhaps, hardly makes sufficient allowance for the strength of popular feeling which the recent incidents have aroused, and I think that to some extent also the wish is father to the thought, as he is convinced that our common interests make it desirable

that the Persian Government should be brought to recognise that they can look only to the British and Russian Governments, and nowhere else, for monetary aid.

While I am disposed to agree generally with this view, it occurs to me that the acceptance by the Persian Government of the views of the two Powers on the subject of external financial operations by Persia, as expressed in the joint note of the 7th April, has very much diminished the necessity of preventing the Persian Government from borrowing except from them, and I submit that there is no valid reason why, in the event of the Persian Government showing reluctance to apply to the two Powers for an advance, we should not allow them to obtain it from another quarter, unobjectionable on political grounds, such for instance as the financial group now represented in Tehran by Mr. Preece.

The contingency which I foresee may of course not arise, but I venture to suggest that it is worth while ascertaining whether, in case it should occur, the Russian Government would see any objection to Mr. Preece's approaching the Persian Government with the proposals of his syndicate for an advance.

From what I can learn, the straits of the Persian Government for money are such that the 400,000*l.* which the Strathcona Syndicate propose to advance will be a mere "drop in the bucket," and it will not be long before the Government would be again looking for financial assistance, and they would then be forced to apply to the two Governments.

I should add, in reference to my telegram No. 241 of the 25th May, that I have mentioned to M. Poklewski that Mr. Preece's syndicate had been in communication with your department as to some scheme involving an advance to the Persian Government with a view partly to obtaining a mining concession in the "neutral zone," and partly to secure that the Persian Government should not alienate their shares in the oil company, but that Mr. Preece has received instructions not to commence negotiations for the present. I added that I presumed that His Majesty's Government, recognising that an advance of the magnitude contemplated might affect the political situation here, felt obliged to consult the Russian Government, and had therefore requested the syndicate not to move for the present.

At my suggestion, Mr. Preece had already informed M. Poklewski what was the original object of his visit to Tehran.

I have, &c.

CHARLES M. MARLING.

[21976]

No. 584.

Mr. Marling to Sir Edward Grey.—(Received June 20.)

(No. 87. Confidential.)

Sir,

Tehran, June 3, 1910.

I HAVE the honour to submit to you the following account, derived mainly from M. Poklewski, of the two minor incidents to which allusion was made in my telegram No. 246 of yesterday's date.

The officer commanding the Russian detachment at Kazvin had been pressing M. Poklewski to be allowed to do some topographical work, and with some reluctance the latter finally gave his assent, stipulating that the greatest discretion should be observed. It was therefore arranged that three or four parties of not more than three men with an officer should be given leave to go on shooting excursions, which would give plenty of opportunity to carry out the work required. The need for discretion, however, was imperfectly understood by three of these officers, who agreed to meet with their men at a point not far from Hamadan. I do not suppose that there were more than a dozen Russians, but Persian accounts exaggerated the number to sixty, and it was said that the Russians were about to occupy Hamadan. M. Poklewski, on hearing what had occurred, at once telegraphed to the commanding officer at Kazvin instructing him to recall all the shooting parties and retain all his officers and men in Kazvin. Trivial as it was in itself, the affair, distorted by rumour into an attempt to occupy Hamadan, caused considerable sensation here.

The second incident took place at Urumia about a fortnight ago, and was somewhat more serious. The *mazmich*, or local police, which is more notorious for officious meddling than for efficiency, arrested two servants of the Orthodox Mission for some reason of which I am ignorant, and the Russian priest, unable to find the Russian vice-consul, appealed to the officer commanding the Russian detachment at Urumia to

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"save the holy religion from insult by Moslems." Thus adjured, the latter collected a few of his men, went straight to the nazmieh station, forcibly released the two servants, and, after beating some of the Persian police, carried two of them off to the governor's house to demand their punishment. These extraordinary proceedings were put a stop to by the appearance of the Russian consul, who behaved with the greatest tact, and without even waiting for instructions from the Russian Minister, went to the governor to offer an apology for the unwarrantable action of the military. The Russian missionaries were, however, by no means pleased with this unaccustomed way of dealing with Persian authorities, and a telegram was sent by them direct to the Emperor praying for protection. His Majesty, however, has left the matter to be dealt with by M. Isvolsky, who has approved of the arrangements made by M. Poklewski, that the question shall be considered as settled locally, and that the enquiry into it shall be transferred to Tehran. The Persian Government has behaved well in the circumstances and there is no reason to fear that a satisfactory issue will not be reached.

The case of Darab Mirza may have graver consequences. The family of this officer, who, as a great-great-grandson of Fath Ali Shah, is a not very remote relative of the Shah, has been settled in Russia for two generations and has acquired Russian nationality, "Prince" Darab entering the Russian army and being now a captain of the Cossack regiment stationed at Kazvin. He was in Tehran for a few days last winter, and M. Poklewski describes him as apparently a man of rather less than normal intelligence. Some three weeks ago, he obtained leave of absence in the usual manner, and a day or two after he had left his colonel received a letter from him tendering his resignation and announcing that he was about to head a movement with the object of replacing Mohammed Ali Shah on the throne. It subsequently transpired that Darab had been in communication with the ex-Shah's mir shikar (chief hunter) a noted reactionary of some influence, who has been in "bust" at the Russian consulate at Kazvin, but who not long ago received the usual guarantees for his safety from the Persian Government and returned to his own village near Zinjan. By alleging that they are backed by Russia, these two have succeeded in collecting a considerable force of malecontents, and last Sunday attacked the town of Zinjan, but were twice repulsed with small loss.

Meantime, acting on instructions from M. Poklewski, the Russian officer commanding at Kasvin sent a party of sixty men to arrest Darab wherever he should be found. The first appearance of the party was, however, unfortunate, for when the Governor of Zinjan sent to the surrounding districts for reinforcements to defend the town he was told that 300 Russians were blocking the road, and the Persian local forces hesitated to advance. This misunderstanding, however, was soon cleared up when the Russian Cossacks arrived at Zinjan, and after some parley with the governor, who was very unwilling to allow the Russians to enter the town, the Cossacks got into touch with Darab, who surrendered without resistance, and is now on his way to Kazvin as a prisoner.

The three incidents formed the subjects of questions in the Medjliss yesterday, and as usual the Persian Minister's replies did not do justice to the admirably loyal conduct of the Russian Minister, who has throughout taken every possible step to co-operate with the Persian Government. I think, from what Moavin-ed-Dowleh said to me on the 28th, that Ministers understand and appreciate this, but these unfortunate occurrences have naturally affected public opinion profoundly, and the Cabinet is not strong enough to run counter to it.

I have, &c.

CHARLES M. MARLING.

[21892]

No. 585.

Mr. O'Beirne to Sir Edward Grey.—(Received June 20.)

(No. 274.)

Sir,

St. Petersburg, June 15, 1910.

WITH reference to my despatch No. 264 of the 6th instant, I have the honour to enclose copies of two *aide-mémoires* exchanged between this embassy and the Ministry of Foreign Affairs regarding the communication which His Majesty's Government desire to make to the Indo-European company respecting the Tehran-Khanikin telegraph line. I handed the first of these *aide-mémoires* to the Minister of Foreign Affairs on the 30th ultimo, and carefully explained to him the reasons for the course

which His Majesty's Government wished to take, but did not elicit any remark from his Excellency beyond the statement that the matter would be attended to.

I received the *aide-mémoire* from the Russian Government three days later. As you will observe, it speaks of a communication to the Indo-European company of the whole arrangement between the two Governments respecting the exchange of telegraph lines in Persia, and not merely of the Tehran-Khanikin arrangement as proposed by His Majesty's Government. To avoid any misunderstanding, I had a conversation with M. Persiani, the official at the Ministry of Foreign Affairs in charge of the question. He admitted that the *aide-mémoire* had been written under a misapprehension, but said the fact remained that the Russian Government would prefer that the proposed communication should not be made to the company until the Ministry had received an answer from the Ministry of the Interior to a communication which they had addressed to that department concerning the general question of the Persian telegraphs and the position of the company in regard to them. He intimated that this reply was expected very shortly, and I will not fail to remind the Russian Government of the matter.

M. Persiani expressed agreement with the view that the interests of the company are in no way injuriously affected by the arrangement between the two Governments regarding the Tehran-Khanikin line.

I have, &c.

HUGH O'BEIRNE.

Enclosure 1 in No. 585.

Aide-mémoire communicated to M. Isvolsky by Mr. O'Beirne.

LA société Indo-European Telegraph Company a fait savoir au Gouvernement de Sa Majesté britannique qu'elle s'était adressée au Gouvernement Impérial dans le but d'arriver à un arrangement au sujet de la ligne de télégraphe Téhéran-Khanikin. D'une lettre de la société reçue au Foreign Office il paraît que la société n'a pas été informée de manière certaine de la conclusion de l'accord entre les deux Gouvernements par lequel l'Angleterre a cédé à la Russie ses droits éventuels sur la ligne. Le Gouvernement britannique n'a pas cru pouvoir faire part de l'accord en question à la société sans y avoir obtenu au préalable l'assentiment du Gouvernement Impérial. D'autre part, Sir Edward Grey pense qu'il y aurait intérêt à mettre la société au courant de l'état actuel de la question.

Le Ministère des Affaires Étrangères verrait-il d'objection à ce qu'une communication confidentielle soit faite dans ce sens à la société?

Saint-Petersbourg, le 17 (30) mai, 1910.

Enclosure 2 in No. 585.

Aide-mémoire communicated to Mr. O'Beirne by M. Isvolsky.

LA question des télégraphes en Perse forme en ce moment l'objet d'une correspondance entre le Ministère Impérial des Affaires Étrangères et les autres administrations centrales de l'Empire intéressées à cette question. Tout en ne voyant pas d'objections, en principe, à ce que la teneur de l'arrangement du 18 (31) août, 1907, entre la Russie et l'Angleterre au sujet de l'échange des lignes télégraphiques en Perse soit communiquée à titre confidentiel à l'Indo-European Telegraph Company, ainsi qu'il en est question dans l'*aide-mémoire* de l'Ambassade de la Grande-Bretagne du 17 (30) mai, année courante, le Ministère des Affaires Étrangères préférerait pourtant que cette communication soit ajournée pour quelque temps, jusqu'au moment où la correspondance sur la question générale des télégraphes en Perse, dont il est fait mention plus haut, aura été terminée.

Le Ministère Impérial des Affaires Étrangères se fera un devoir d'informer l'Ambassade de Sa Majesté britannique du moment quand il n'y aura plus d'inconvénients à ce que la compagnie soit informée de la teneur de l'arrangement précité.

Saint-Petersbourg, le 20 mai (2 juin), 1910.

[21894]

No. 586.

Mr. O'Beirne to Sir Edward Grey.—(Received June 20.)

(No. 276.)

Sir,

St. Petersburg, June 15, 1910.

SINCE Sir A. Nicolson's departure on leave on the 22nd May I have been engaged in constant efforts to obtain an answer from the Minister for Foreign Affairs on the question of the proposed purchase of arms and ammunition for the Persian Government by the Imperial Bank. It was plain from an early date, as I had the honour to report in my telegram No. 168 of the 2nd instant, that the Russian Government were prepared to make difficulties; but, while informing me from time to time that he was not yet in a position to give me his reply, M. Isvolsky was unusually reticent even for him as to the cause of the delay, and it was only on the 8th instant that I ascertained that he was in communication with the Minister of War on the subject. I had previously understood from him that he was communicating with M. Poklewsky. To-day the Minister asked me to call on him, and stated that he had at last received a reply from the department concerned. I expressed my regrets that his Excellency had not been able to give it to me a day sooner, and I at once communicated to him the information contained in your telegram No. 316 of the 14th June to the effect that the Imperial Bank announced that they could wait no longer, and that they would conclude their proposed contract with the Persian Government forthwith.

M. Isvolsky then reminded me that the Persian Government had previously offered the contract in question to the Russian Government, and added that Mr. Marling had now expressed the opinion that it ought to go to the Russian Government. His Excellency asked whether I was aware of that fact, and I said that I knew Mr. Marling had made some such recommendation. M. Isvolsky went on to say that he would furnish me with a detailed written reply very shortly, but meanwhile he could tell me that the Russian Government were prepared to undertake the prompt delivery of 50,000 rifles, with the ammunition required, to the Persian Government on certain terms. They were not prepared to furnish the revolvers immediately. I enquired whether any fresh pourparlers had taken place between the Russian and Persian Governments in regard to the contract since the time when the matter was originally discussed between them. His Excellency replied in the negative.

I said that I foresaw great difficulties. The terms of the proposed contract between the bank and the Persian Government might be more favourable to the latter than those which the Russian Government was prepared to offer. The bank might inform His Majesty's Government that they intended to proceed with their contract, and how were His Majesty's Government to prevent their doing so? M. Isvolsky confined himself to remarking that we could discuss these questions later. The written reply which he would send me would be in the sense which is indicated above.

I rather gathered from his Excellency's language that the Russian Government would raise no objection to the bank undertaking the purchase of the revolvers required by the Persian Government and the revolver ammunition. But on this point it may be safer to await his written communication.

I have, &c.

HUGH O'BEIRNE.

[21895]

No. 587.

Mr. O'Beirne to Sir Edward Grey.—(Received June 20.)

(No. 277.)

Sir,

St. Petersburg, June 15, 1910.

ON the receipt of your telegram No. 259 of the 25th May I called on the Minister for Foreign Affairs and handed to him the *aide-mémoire*, copy of which is enclosed, proposing that an advance of 400,000*l.* should be made by the British and Russian Governments to the Persian Government. Since then I have constantly reminded his Excellency of the subject, and I have repeatedly pressed upon him orally and in writing the reasons which make it desirable to come to an early decision. On the 14th instant, as his Excellency had intimated that the difficulty lay with the Minister of Finance, I obtained his consent to my discussing the question with M. Kokovtsoff, with whom I had an appointment on the following day in reference to another matter.

M. Kokovtsoff expressed to me the strongest aversion to making the advance at all; but I need not trouble you with his views on the subject, because he added that he had been overborne by M. Isvolsky, and was prepared to find the money provided that he was satisfied as to the existence of good security for its repayment. But this was not the case. The figures in his possession showed that the northern customs revenues of Persia did not afford a sufficient margin, after paying off the interest on the existing Russian debt, to guarantee the service of the Russian share of the proposed advance. In reply to a question which I put to him, the Minister said that he had taken into account the profits of the Mint. The security was still insufficient. He went on to say that Russia's position was very different from that of Great Britain. The latter had a far smaller debt and the Gulf ports as security. Upon this I asked whether he would be satisfied if the surplus revenues from the southern as well as the northern customs were made jointly available as security for the service of the whole advance of 400,000*l.*, explaining of course that this was only a personal suggestion. He said that he would be perfectly contented with such an arrangement provided another point was settled. The proposed admission into Persia of silver free of duty must be abandoned by the Persian Government, for it would mean a reduction of the northern customs revenues by 50,000*l.*

I at once acquainted the Minister for Foreign Affairs of the result of my conversation with M. Kokovtsoff. M. Isvolsky saw the Finance Minister the same evening, and to-day informed me verbally that the Russian Government agreed in principle to the advance suggested by His Majesty's Government, provided (1) that the proposal to remit the duty on silver was dropped, and (2) that sufficient security was forthcoming for the service of the advance. He added that the suggestion which I had made to the Finance Minister as to treating the surplus revenues from the southern and northern customs as a consolidated security for the whole advance would facilitate matters, and was acceptable to the Russian Government. I reminded him that the suggestion was only a personal one.

His Excellency further stipulated that the advance should not be granted to the Persian Government until the two representatives considered that an opportune moment for doing so had arrived. In this connection I should explain that, ever since the two representatives at Tehran expressed the opinion that in view of the unsatisfactory attitude of the Persian Government the advance ought to be held in abeyance, M. Isvolsky has shown very plainly (my telegrams Nos. 175 and 178 of the 8th and 13th instant) that he would not be disposed to agree to the advance being actually made until the representatives considered the moment favourable for making it. I have therefore urged that he should at least settle the question of the advance in principle, subject to some discretion being left to the representatives as to the time of making it.

I have, &c.

HUGH O'BEIRNE.

Enclosure in No. 587.

Aide-mémoire communicated to M. Isvolsky by Mr. O'Beirne.

NASR-UL-MULK a parlé à Mr. Marling d'une avance d'argent de la part des deux Gouvernements au Gouvernement persan, ainsi qu'un emprunt anglo-russe. Il a fait ressortir que le Gouvernement persan, s'étant virtuellement engagé à ne prélever l'argent qui leur était nécessaire que par l'entremise des deux Gouvernements, était moralement fondé à demander l'aide de ces Gouvernements. Il a déclaré aussi que le Cabinet de Téhéran était maintenant pénétré de la nécessité d'entrer en relations amicales et intimes avec les deux Puissances.

Sir E. Grey est d'avis que les deux Gouvernements devraient faire tout ce qui dépend d'eux pour aller à l'encontre des avances amicales faites par le Cabinet persan. Il serait prêt à recommander au Secrétaire d'État pour les Indes l'avance d'une somme de 200,000*l.*, pour la part de l'Angleterre, si le Gouvernement russe est d'accord avec cette proposition. Il serait heureux d'apprendre quelle est la manière de voir du Gouvernement Impérial.

Saint-Petersbourg, le 13 (26) mai, 1910.

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[22040]

No. 588.

Mr. O'Beirne to Sir Edward Grey.—(Received June 20.)(No. 280.)
Sir,

I HAVE the honour to forward to you herewith copy of a letter which I have received from the Minister of Foreign Affairs on the subject of the purchase of arms and ammunition by the Persian Government.

I have, &c.
HUGH O'BEIRNE.

Enclosure in No. 588.

M. Isvolsky to Mr. O'Beirne.

Cher Mr. O'Beirne,

Saint-Petersbourg, le 3 (16) juin, 1910.

LE Ministre de la Guerre me fait savoir que les fabriques d'armes de son ressort accepteraient volontiers une commande de 50,000 fusils et de 15,000,000 de cartouches pour le Gouvernement persan. Je viens de télégraphier à Poklewsky les conditions auxquelles cette commande pourrait être exécutée.

Quant aux pistolets "Mauser," il paraît qu'on ne pourrait les fabriquer chez nous qu'avec l'autorisation expresse de l'inventeur, qui s'est réservé tous les droits pour la fabrication des pistolets. Il est donc probable que cette commande ne pourra pas être exécutée.

Votre sincèrement dévoué,
ISVOLSKY.

[22187]

No. 589.

Mr. Marling to Sir Edward Grey.—(Received June 20.)

(No. 257.)

(Telegraphic.) P.

Gulahck, June 20, 1910.

ADVANCE to Persian Government.

I have the honour to report that Mr. Moore, who fought on the side of the Nationalists at Tabreez, has arrived in Tehran to report on the prospects of the negotiation of a considerable loan for Seligman. Under the conditions which appear to be contemplated, I believe that such an operation is almost impossible at present, but if the object of Mr. Moore's mission becomes known to the Medjliss the chances of the Persian Government applying to the joint Powers for an advance will be very remote.

(Very Confidential.)

I think that any operation here on the part of Seligman, who helped to float the Japanese war loan, would be unwelcome to Russian Minister.

[22188]

No. 590.

Mr. Marling to Sir Edward Grey.—(Received June 20.)

(No. 258.)

(Telegraphic.) P.

Tehran, June 20, 1910.

ADVANCE to Persian Government.

In continuation of my telegram No. 256 of the 17th June, I have the honour to report that M. Poklewsky is suggesting to his Government that as the "quasi fixed charges" on customs revenues include such important items as the salaries of the European employés in the service of the Persian Government and the pay of the Cossack brigade, they ought to be constituted a permanent charge. This might be carried out when the question of security for the advance comes up for discussion.

I concur entirely with views of Russian Minister.

[22190]

No. 591.

Mr. Marling to Sir Edward Grey.—(Received June 20.)

(No. 259.)

(Telegraphic.) P.

Tehran, June 20, 1910.

REFERENCE to St. Petersburg telegram No. 180 of the 15th June, received Tehran 19th June.

Has Imperial Bank of Persia signed a contract with Persian Government for supply of the arms and ammunition?

[22191]

No. 592.

Mr. Marling to Sir Edward Grey.—(Received June 20.)

(No. 260.)

(Telegraphic.) P.

Tehran, June 20, 1910.

INFORMATION has reached Tehran to the effect that on the 15th June a Russian subject was seized and brutally beaten by the police at Tabreez. The police alleged that he interfered with them while they were attempting to arrest a Turkish subject, a charge which Russian consul-general denies, and they at first refused to hand him over to Russian authorities. A joint enquiry, proposed by Russian consul-general, was refused by Governor-General. Mr. Miller then, at the request of Turkish consul-general, dispatched a force, consisting of twenty-five Cossacks and fifty infantry, to scene of the mêlée and arrested and carried off to Russian camp all the police that were to be found. The victim is in hospital and has not yet recovered consciousness.

Considerable excitement has been aroused in Tehran by news of this incident. The Government, however, prohibited a proposed demonstration, and has agreed to a settlement on following conditions: The prisoners to be released by the Russians, the Persians on their side to dismiss Governor-General, and to punish such police as the joint enquiry may show to have been guilty; further, compensation is to be paid to the victim of the outrage.

His Majesty's consul at Tabreez telegraphs that the town is quiet and in its normal condition.

[22192]

No. 593.

Mr. Marling to Sir Edward Grey.—(Received June 20.)

(No. 261.)

(Telegraphic.) P.

Gulahck, June 20, 1910.

SITUATION in Tabreez.

Please refer to my immediately preceding telegram. His Majesty's consul at Tabreez reports the following further incident in that city.

A Cossack deserter, who had embraced Islam, was seen on the 16th June by two Cossacks to enter the house of a chief mujtehed, Sikat-ul-Islam. On receipt of the news a party of Cossacks were dispatched to surround the house and apprehend the deserter, but Russian consul-general, who learned of what was contemplated in time, was able to prevent entry of a single Cossack, and sent his secretary, accompanied by Cossack officer, who awaited the return of Sikat-ul-Islam in the courtyard of his house. Latter denied all knowledge of the deserter and the Russians withdrew.

A circular protest was sent to consuls by Governor-General against the violation of treaty rights by the Russians, the interference in internal affairs, and the attack (*sic*) on the house of a chief mujtehed. Mr. Shipley states that Mukhber-es-Sultaneh is aggrieved at what he considers to be a slight on his authority, but points out that no effective steps had been taken by Persians to comply with the request of the Russians for the arrest and surrender of the delinquent in question.

A very incorrect account of incident is circulated in Tehran, and has increased anti-Russian feeling.

[22207]

No. 594.

Mr. O'Beirne to Sir Edward Grey.—(Received June 21.)

(No. 281.)

Sir,

St. Petersburg, June 17, 1910.

WITH reference to my despatch No. 277 of the 15th instant, I have the honour to transmit herewith copy of an *aide-mémoire* which I received from M. Isvolsky to-day on the subject of the proposed advance to the Persian Government.

I have, &c.

HUGH O'BEIRNE.

Enclosure in No. 594.

Aide-mémoire communicated to Mr. O'Beirne by M. Isvolsky.

DANS son aide-mémoire en date du 13 (26) mai, année courante, l'Ambassade de la Grande-Bretagne fait savoir au Ministère Impérial des Affaires Étrangères que Sir E. Grey est prêt à recommander au Secrétaire d'État pour les Indes d'avancer au Gouvernement persan une somme de 200,000*l.* pour la part de l'Angleterre, sans conditions, si le Gouvernement russe est d'accord avec cette proposition.

Le Gouvernement Impérial, de son côté, consent à avancer au Gouvernement persan sa part de 200,000*l.*, sans y poser de conditions quelconques de caractère politique; mais cela ne pourrait être fait que si l'amortissement et les intérêts de cette somme sont dûment garantis par des sources de revenus sûres appartenant au Gouvernement persan. Les données dont dispose le Gouvernement Impérial ne donnent pas encore de réponse définitive à la question de savoir si les revenus des douanes du nord et ceux de la Monnaie sont suffisants pour garantir tant l'avance que les obligations antérieures du Gouvernement persan. Tout dernièrement encore le Ministre de Russie à Téhéran a fait savoir que le Gouvernement persan a décrété l'entrée en franchise de droits de douane de toute la quantité d'argent brut nécessaire pour les travaux de la Monnaie. Cette mesure pouvant diminuer les revenus des douanes du nord d'une somme de 300,000 tomans à peu près par an, des instructions ont été envoyées à M. Poklewsky de protester contre le décret en question, vu que le Gouvernement russe ne peut admettre aucune mesure qui ferait diminuer le rendement des douanes servant de garantie aux emprunts de 1900 et 1902; mais des faits de cette nature prouvent qu'il est difficile de considérer les revenus des douanes du nord comme garantie absolument sûre et suffisante. En conséquence, afin de donner au Gouvernement Impérial la possibilité de mettre à exécution le projet de l'avance à faire au Gouvernement persan, il sera probablement nécessaire de trouver d'autres sources de revenus quelconques pour garantir l'amortissement et les intérêts de la part russe de l'avance, dans le cas où les revenus mentionnés plus haut seraient insuffisants; on pourrait par exemple avoir recours dans ce but à l'excédent encore libre des revenus des douanes du sud de la Perse, si le Gouvernement britannique n'y voit pas d'objections.

Il est à noter à ce propos qu'actuellement la proposition du Ministère persan n'est guère stable, ce qui porte M. Poklewsky et Mr. Marling à croire qu'il serait désirable d'abandonner à leur appréciation le moment de mettre à exécution la mesure projetée. Partageant entièrement cet avis, le Gouvernement Impérial propose de n'avancer la somme de 400,000*l.* au Gouvernement persan que quand les deux représentants auront informé leurs Gouvernements de ce qu'ils trouvent le moment opportun.

Saint-Petersbourg, le 3 (16) juin, 1910.

[22329]

No. 595.

Mr. Marling to Sir Edward Grey.—(Received June 21.)

(No. 262.)

(Telegraphic.) P.

Tehran, June 21, 1910.

REFERENCE to St. Petersburg telegram No. 185 of the 18th June.

M. Poklewsky is convinced that report of an incident at Astara arose from the fact that, on the embarkation of Yprim, salutes of honour were fired with ball cartridges in the absence of blank by the Persians. No appreciable damage was done.

[22190]

No. 596.

Sir Edward Grey to Mr. Marling.

(No. 194.)

(Telegraphic.) P.

Foreign Office, June 21, 1910.

ARMS ammunition for Persian Government. Your telegram No. 259 of yesterday.

Bank have not yet signed contract, and it is not probable, for the present, that they will do so.

[22187]

No. 597.

Sir Edward Grey to Mr. Marling.

(No. 195.)

(Telegraphic.) P.

Foreign Office, June 21, 1910.

SELIGMAN loan to Persia.

Please see your telegram No. 257 of yesterday.

Mr. Moore called at the Foreign Office before leaving London. He was told explicitly that in view of the likelihood of the Persian Government's applying to the two Powers, we could do nothing whatever to support an application from Seligman.

Mr. Moore must have fully grasped our meaning, and gave no intimation that his visit to Tehran was in any way connected with a loan, though he told us he was going there. He even promised not to inconvenience His Majesty's representative at Tehran.

In any case we cannot, in the present circumstances, support him in any way, and you might, if you think fit, remind Mr. Moore of this visit to the Foreign Office, and what passed there.

As long as Persia offers securities, in which neither we nor Russia are interested, I do not quite see why we should stand in the way of her being lent money. Does M. Poklewsky wish to raise any objections? Please consult us at once if he does.

[21437]

No. 598.

Foreign Office to India Office.

Sir,

Foreign Office, June 21, 1910.

I AM directed by Secretary Sir Edward Grey to inform you that, on the receipt of your letter of the 9th instant relative to the recommendations made by the Government of India for strengthening the powers of defence of His Majesty's consular establishments in Southern Persia in view of the disturbed state of that country, he addressed a telegram, copy of which is enclosed,* to His Majesty's chargé d'affaires at Tehran, setting forth these suggestions, with an expression of his own views and a request for Mr. Marling's opinion on the question.

I am to transmit to you herewith copy of a telegram which has been received from Mr. Marling in reply, complying with this request.†

I am, &c.

LOUIS MALLET.

[21588]

No. 599.

Sir Edward Grey to Mirza Mehdi Khan.

ON the 14th instant the Persian Minister informed Mr. Mallet that the ex-Shah allowed nothing out of the yearly income provided for him for the maintenance of his two sons, who, besides the present Shah and the Valiabd (who were separately provided for), remained at Tehran.

The Persian Government accordingly proposed to deduct from the next payment to be made to His Imperial Majesty a sum sufficient to maintain these two Princes, and wished to know the views of His Majesty's Government on the suggestion.

His Majesty's Principal Secretary of State for Foreign Affairs has the honour to

* No. 549

[1722]

† No. 562.

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state in reply that His Majesty's chargé d'affaires at Tehran, to whom this question was referred by telegraph, reports that, besides the present Shah and the Valiahd, only one son of the ex-Shah remains at Tehran, and that, by the protocol regulating His Majesty's position, he is bound to maintain his family, except the Valiahd. It appears that the ex-Shah is willing to maintain the son who remains at Tehran, provided that his paternal right to have him with him is respected.

In the opinion of Mr. Marling, which is shared by Sir E. Grey, the ex-Shah's contention is just, and there can be no claim against His Imperial Majesty for this Prince's maintenance so long as he remains in Persia.

Foreign Office, June 21, 1910.

[21500]

No. 600.

Foreign Office to Messrs. Gray, Dawes, and Co.

Gentlemen,

Foreign Office, June 21, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your letter of the 12th ultimo, relative to the improvement of telegraphic communication in South-Western Persia and on the Arab shore of the Persian Gulf.

I am to inform you, in reply, that the question of establishing a system of wireless telegraphy in the Gulf, including a station at Bahrein, has been seriously considered by the Secretary of State for India in communication with the Government of India, but that it is impossible to say when the financial position of the latter will allow of the scheme being actually taken in hand.

As regards the second point raised in your letter, viz., the unsatisfactory condition of telegraphic communication with Mohammerah, I am to state, for your confidential information, that the Indo-European Telegraph Department, at the request of the Persian Government and with the approval of His Majesty's Government, have consented to assume the task of working the Ahwar-Borasjim-Mohammerah telegraph line, and that a convention has already been concluded with the Persian Government to give effect to this arrangement. This instrument must, however, be approved by the Persian Assembly before the department can actually begin to work the line, and a favourable moment for its presentation to that body is not yet considered to have arrived.

I am, &c.

LOUIS MALLET.

[22430]

No. 601.

Sir G. Mackenzie to Mr. Mallet.—(Received June 22.)

*23, Great Winchester Street, London,
June 15, 1910.*

Dear Mr. Mallet,

ON the 11th April I wrote to you regarding the desirability of reconstructing the Karun road, but before I move in that direction I should like to know whether the suggested change would have the approval and support of the Foreign Office. The present position of the existing road company and the circumstances which brought it into existence are well known to you.

Were the present Lynch company's transport road wound up, and one formed on an extended basis to take its place, an impetus would be given to the opening up of roads and the facilitating of transport between the important centres throughout Southern Persia, and now I believe to be a favourable opportunity for arranging for this being done.

As I stated in my former letter, roughly my idea is to consolidate the existing interests in the present road, consisting of the Foreign Office, the Euphrates and Tigris Company, and the Persian Bank (the latter own 10,000*l.* capital in the Lynch Company). I would suggest getting the Persian Oil Company and Strick to join forces with us, and that we sell that portion of the road concession lying within the northern sphere of influence either to the Persian or Russian Government, as might be deemed most desirable, the several interests having a representation on the Board

of Direction, with Lynch (under more effective control) as chairman, if that will obviate opposition and difficulties in winding up the present concern.

Such an organisation I feel sure would tend to develop and extend commerce, pacify and enrich Southern Persia, and be of considerable advantage to Indian trade.

I am sorry to trouble you again in the matter, but should the suggestion not meet with the approval of the Foreign Office I have no desire to move further in the matter.

Yours very truly,

GEORGE S. MACKENZIE.

[22441]

No. 602.

Mr. Marling to Sir Edward Grey.—(Received June 22.)

(No. 263.)

(Telegraphic.) P.

Gulahak, June 22, 1910.

ADVANCE to Persian Government.

Please refer to my despatch No. 86 of the 3rd June.

I have received an application from Mr. Preece for permission to approach Persian Government with offer of an advance in connection with the mining concession in Kerman district. Mr. Preece is of opinion that he would by this means secure the concession, and, although I am less optimistic, I believe there is a chance.

The political situation would not, I think, be materially altered if Persian Government obtained money from a source other than from England and Russia.

(Very Confidential.)

I believe that M. Poklewski will raise no objection to transaction, provided that an agreement is not come to before the conclusion of the negotiations for the consolidation of the Persian Government's debts to Russian Bank, and provided that no lien is given on any source of revenue which is, or may be, pledged to Russia for that purpose.

[22188]

No. 603.

Foreign Office to India Office.

Sir,

Foreign Office, June 22, 1910.

WITH reference to my letter of the 18th instant relative to the expected renewal by the Persian Government of their request for financial assistance from His Majesty's and the Russian Governments, I am directed by Secretary Sir Edward Grey to transmit to you herewith copies of telegraphic correspondence which he has recently exchanged with His Majesty's chargés d'affaires at St. Petersburg and Tehran on the subject.*

It will be perceived that the Russian Minister of Finance, though opposed to the proposal in principle, is willing to sanction it provided that sufficient security is forthcoming for the repayment of the sum advanced, and that he considers that this condition would be fulfilled if the whole of the revenue of the Persian customs were pledged to the service of the advance as a whole, and not the revenue of the northern customs to that of the Russian share exclusively, while the southern customs were reserved for the British share of the advance.

M. Kokovtsoff makes the further stipulation that a recent proposal of the Persian Government for the free admission of silver for minting purposes, whereby the revenue of the northern customs would be seriously diminished, should be dropped.

As regards the former point, it will be seen that Mr. Marling has no objection to offer to the proposal, and I am to state that Sir E. Grey is disposed, with Viscount Morley's concurrence, to accede to it.

In this connection I am to observe, firstly, that neither in the negotiations between His Majesty's and the Russian Governments, which took place when the question of a joint advance to the Persian Government was discussed early in the present year, nor in the joint note handed to the Persian Government by the representatives of the two Powers at Tehran on the 16th February, laying down the conditions on which the two Powers were willing to make the loan, was mention made of the arrangement which

* Nos. 552, 558, 565, 573 and 590.

M. Kokovtsoff assumes to exist for the hypothecation of the northern and southern customs revenues to the service of the Russian and British shares of the advance respectively, so that acquiescence in the present proposal involves no modification of any formal existing arrangement; and, secondly, that article 5 of the Anglo-Russian arrangement of the 31st August, 1907, concerning Persia appears to provide means of collecting the sum due in case of default on the part of the Persian Government.

As regards the proposal of the Persian Government for the admission of silver for minting purposes free of customs duty, I am to observe that at present the Persian exchequer loses nothing by the payment of this duty, since that payment is made by one department of the administration to another. It would, therefore, gain nothing by the remission of the duty, the only effect of which would be seriously to diminish the revenue of the northern customs and, consequently, the amount of security which they can afford.

Sir E. Grey is accordingly disposed, should Lord Morley see no objection, to inform the Russian Government that His Majesty's Government will support them in their opposition to this proposal, and he would further agree to the suggestion that the moment for informing the Persian Government that the two Powers are willing to make the advance should be left to the discretion of their representatives on the spot.

As regards the proposal of the Russian Minister at Tehran to his Government, reported in Mr. Marling's telegram No. 258 of the 20th June, that the "quasi-fixed" charges on the customs revenues (which are enumerated in detail in Sir G. Barclay's despatch No. 200 of the 27th October, 1909) should be made permanent, I am to state that, after consultation with Sir G. Barclay, who is at present on leave of absence in this country, Sir E. Grey is of opinion that His Majesty's Government may safely agree provided that the debts of the Persian Government to them and to the Imperial Bank of Persia are treated as a prior lien.

He would accordingly propose to address a telegram to Mr. Marling in this sense.

I am, &c.
LOUIS MALLET.

[22505]

No. 604.

India Office to Foreign Office.—(Received June 23.)

Sir, *India Office, June 22, 1910.*
IN reply to your letter, dated the 4th June, 1910, I am directed to inform you that the Secretary of State for India agrees that, in view of the arrangement recently concluded by the Imperial Bank of Persia with the Persian Government, it is unnecessary at present to make any payment from the Imperial exchequer to Indian revenues in respect of loss through the non-payment of interest on the Anglo-Indian advances to the Persian Government in the years 1903 and 1904.

Viscount Morley notes that, if a further default should take place on the part of the Persian Government, the Lords Commissioners will arrange to make good the share of the loss that the British Government have undertaken.

There appears to be no reason for making any announcement to Parliament unless attention is called to the matter.

I am, &c.
R. RITCHIE.

[22554]

No. 605.

Imperial Bank of Persia to Foreign Office.—(Received June 23.)

Sir, *25, Abchurch Lane, London, June 22, 1910.*
I HAVE the honour to acknowledge the receipt of your letter of the 18th June. The Persian Government asked the bank to obtain advice from an expert, and buy for them the arms and ammunition referred to in the extract of a letter addressed to us by our Tehran Office, and forwarded to you in our letter dated 4th May last. With every wish to fall in with the views of the Foreign Office, my directors feel

that the bank could not advise the dividing of the contract with the Russian Government. It would be unreasonable to supply the Persian Government with two kinds of rifles requiring different ammunition. The only alternative would be to let the contract go altogether to Russia, and this we cannot recommend either in the interests of the Persian Government or the bank and the British manufacturers—besides, it would be outside the bank's province as well as detrimental to its interests to make any such suggestion, especially in view of the confidence placed in the bank by the Persian Government in this matter.

I have, &c.
G. NEWELL, *Manager.*

[22516]

No. 606.

Mr. F. C. Strick to Foreign Office.—(Received June 23.)

*Baltic House, Leadenhall Street, London,
June 22, 1910.*

Sir,
FOR your information, I have the honour to enclose copies of correspondence exchanged between Messrs. Andrew Weir and Co. and my firm, from which you will see that we made Messrs. Weir three firm offers in regard to their stocks of about 6,600 tons of Ormuz oxide, viz:—

- (a.) To pool their stocks with 5,000 tons of ours.
- (b.) To purchase their stocks by an immediate cash payment of 65s. per ton, equalling 21,450l.
- (c.) To purchase their stocks and to agree to take delivery of same in equal quarterly quantities over twelve months at 67s. 6d. per ton (equalling about 22,275l.), payment to be made in cash as deliveries were taken.

All these offers came to nothing, for the following reasons:—

(a.) Mr. Martin Ellinger, of Ellinger and Co., Manchester, to whom we suggested pooling before we had put any offer in writing, told us (without consulting Weir's) that no scheme of pooling could be entertained unless on the understanding that we would share with them and (or) Weir's any Ormuz business we or they might secure in the future. This we declined to agree to, but we nevertheless formally made the offer to pool by our letter of the 12th May, and repeated it by our letter of the 21st May.

(b.) This offer was declined on the ground of the amount offered by us being lower than the price fixed by Ellinger, which price, for reasons given in our letter of the 28th May, is exorbitant.

(c.) This offer was apparently not acceptable to Weir's. They evidently preferred that negotiations should be carried out on the basis of offer (b).

There is one point to which I should like to take the liberty of drawing your attention, viz., that, during the negotiations, we proposed in our letter to Weir's of the 12th May, and subsequently repeated the proposal in our letter of the 24th May, that, pending negotiations between us, neither we nor they would offer or sell Ormuz oxide, but this suggestion they refused to agree to (see their letter of the 25th May), doubtless with a view of forcing us to agree to their terms.

The proposals contained in Weir's letter dated 15th instant—1st, that the price we should pay for their stock should be fixed by arbitration, and 2nd, that as an alternative, if we had not already made sales, we should refrain from selling until they had disposed of their stocks—are, to say the least, most extraordinary, seeing that, by their first proposal, they pre-suppose that we ought to pay them for the whole of their stock the average price which they might have made had they retailed it in the ordinary way, taking about a year to do so; while we, if we agreed to their second proposal, there would be nothing to prevent them holding for such advanced prices that it might take them two or even three years to dispose of their stock.

Whilst not admitting that Weir's have any right whatever to influence our action in any way, it will be seen from the above that we have made every effort possible to save them or their principals from loss in connection with this business, and that, if their venture does result in a loss to them, it will be through their declining our offers.

[1722]

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I am sorry to trouble you with this long letter; still I think it only right that you should know how matters stand.

I have, &c.

FRANK C. STRICK.

Enclosure 1 in No. 606.

Messrs. F. C. Strick and Co. to Messrs. A. Weir and Co.

Baltic House, Leadenhall Street, London,

May 12, 1910.

Dear Sirs,

IN accordance with your request over the telephone that we should discuss matters regarding Ormuz oxide with your sales agents, Messrs. Ellinger and Co., of Manchester, we beg to advise you that since then we have had the pleasure of seeing Mr. Martin Ellinger on two or three occasions, and that, at our last interview with him on the 5th instant, we told him that we should be pleased to enter into a pooling arrangement as regards your and our stocks, i.e., to pool your stock of oxide in Germany and in England, which we understood from Mr. Ellinger amounted altogether to about 6,600 tons, with 5,000 tons of ours, part of which has been shipped, part of which is in course of shipment, and balance is to follow.

Mr. Ellinger, however, stated that no such arrangement would be entertained by you unless it was agreed that all future business connected with Ormuz should be worked for your and our joint account. In other words, that you and we should be considered as jointly and equally interested in all future Ormuz business, whether same were secured by your good-selves or by us.

We explained to Mr. Ellinger that such an arrangement would not suit us, whereupon Mr. Ellinger stated that it was useless discussing matters further.

Now, in order that there may be no misunderstanding between us, we beg to repeat that we are quite ready to pool your 6,600 tons with 5,000 tons of ours on any reasonable terms which we have no doubt can be easily arranged between us, thereby enabling us both to make a profit instead of a loss, which would necessarily result from competition between us.

We should be glad if you would give our proposal your early consideration, and let us have your views early next week, as we are being pressed for offers of oxide, but naturally, in the meantime, will not move in the matter.

Yours faithfully,

For Frank C. Strick and Co. (Limited),

FRANK C. STRICK.

Enclosure 2 in No. 606.

Messrs. A. Weir and Co. to Messrs. F. C. Strick and Co.

Dear Sirs,

6, Lloyd's Avenue, London, May 18, 1910.

WITH further reference to your letter of the 12th instant, the expressions you give, as conveyed to you by Mr. Ellinger, are perfectly correct, and carry our views on the subject. We are sorry that you do not see eye to eye with us on this business, as, like yourselves, we quite appreciate that, working together, we would both benefit thereby.

Yours faithfully,

ANDREW WEIR AND CO.

P.S.—For your guidance we do not think we can do better than hand you a copy of Mr. Ellinger's report to us after his interview with you.

A. W. AND CO.

Enclosure 3 in No. 606.

Report by Mr. Ellinger.

ACTIONG upon your suggestion, I called on Messrs. F. C. Strick and Co., and had three interviews with them. It appears they have bought 5,000 tons oxide from

the Persian Government, of which I gather about 1,500 tons are being shipped by Messrs. Bucknalls' steamer "Pondo," and Messrs. F. C. Strick and Co. invited some suggestion from me as to how the sales could be managed so as to avoid unnecessary loss, to which I replied that it was obvious some pooling arrangement would be the solution of the difficulty. Our position is that the Persian Government have arbitrarily declared the Muin's concession void, and, according to Messrs. F. C. Strick and Co.'s statement to me, have sold them 5,000 tons in contravention of the monopoly granted to you by the Muin-ut-Tijjar. The British Government, as explained to you by the Foreign Office, whilst not prepared to prevent the shipment by force, admit that they are pledged to see that you suffer no loss, and will take such steps as may be required to recover compensation for any loss that you may sustain, and I understand that the Persian Government will pay your damages for the breach of the contract.

The seizure of the Mouin's concession appears to be an arbitrary and confiscatory proceeding on the part of the Persian Government, and from the information we have, not likely to be maintained, so that it may be expected that a short time will see the Muin again in possession of his concession.

On the other hand, as I have on previous occasions explained, I do not think that Messrs. F. C. Strick and Co. can be permanently shut out of this oxide business, and, as you are aware, it has always been my idea that on the expiration of the present contract, they would have to be admitted, if they so desired, to a share in the business. I was therefore of opinion that if we could come to some pooling arrangement with them now we should be merely anticipating an arrangement which would in any case become desirable in the near future. I found, however, that Messrs. F. C. Strick and Co., whilst possibly inclined to come to an arrangement as to the pooling of the 6,600 tons which you hold here, together with the 5,000 tons, of which they say they have so far only 1,500 tons, were not prepared to admit into such a pool the 5,500 tons we have still to get, nor any future business. As I understand you can get your 5,500 tons still to come forward under your contract if you are prepared to take and pay for them, it appeared to me that this quantity should also form part and parcel of any pooling arrangement, and that no pooling arrangement could work out satisfactorily unless the future business were also included.

As I pointed out to Messrs. F. C. Strick and Co. as matters at present stand, even if we pool the 6,600 tons with their 5,000 tons, we should both be face to face with the same difficulty again as at present confronts us if we took our 5,500 tons, or if they bought and shipped a further quantity, or if the Germans or any one else made further purchases. Something of this kind is bound to happen if the Muin's concession is not upheld, as the Persian Government will not be content during a period of two years to abstain from further sales. I regret to inform you, however, that I quite failed to persuade Messrs. F. C. Strick and Co. to adopt my views, and understand that they insist upon confining any arrangement to our quantity of 6,600 tons and 5,000 tons, and intend to compete with us for future business.

As I consider such an arrangement quite impracticable, I reluctantly informed them that on these lines further discussion was useless. The arrangement made with them to suspend offers or sales terminated at my last interview, and both parties are now free to act as they please.

Unless Messrs. F. C. Strick and Co. can put before us a more practicable scheme the loss will run into many thousands of pounds, whereas if an arrangement had been possible the business would have continued a profitable one for all parties.

M. ELLINGER.

P.S.—I pointed out to Messrs. F. C. Strick and Co. that, in the event of a pool being formed, we should expect the sale of the oxide, to which they would not agree, but they made some suggestion as to the division of territory which they thought might meet the case. I am doubtful of this, but the discussion fell through on other grounds, and this matter was not further mentioned.

M. E.

Enclosure 4 in No. 606.

Messrs. F. C. Strick and Co. to Messrs. A. Weir and Co.

Baltic House, Leadenhall Street, London,

May 21, 1910.

Dear Sirs,

WE are in receipt of your favour of the 18th instant, giving copy of Mr. Martin Ellinger's report. As this report refers principally to matters in which we are in no

way concerned, and also to certain suggestions made by Mr. Ellinger (which we could not for reasons explained in our letter of the 12th instant entertain), we need not deal with it further than to say that you must not take this letter as admitting anything contained in Mr. Ellinger's report.

We are still willing to carry out the offer contained in our letter of the 12th instant, which we confirm in all its details, but, if this offer does not appeal to you, we are prepared to make you the following alternative proposals, viz:—

1. To buy your stock of Ormuz oxide in the United Kingdom and on the continent at 65s. per ton, free in store up to date of acceptance of this offer. Provisional payment to be made forthwith, but subject to adjustment on final weights as ascertained on delivery *ex store*; or

2. To buy said stock at 67s. 6d. delivered free on truck or on board at our option, payment on delivery, we undertaking to take delivery of at least 25 per cent. of the entire quantity each quarter, so that the whole quantity will be delivered and paid for within twelve months, which is the minimum time, as you very well know, within which you could dispose of it.

In view of above offers you will see that if any loss is sustained by competition it will be due to your own action in refusing our offers, all of which we keep open for acceptance up to noon of Tuesday next, the 24th instant.

Yours faithfully,
For Frank C. Strick and Co. (Limited),
FRANK C. STRICK.

Enclosure 5 in No. 606.

Messrs. A. Weir and Co. to Messrs. F. C. Strick and Co.

Dear Sirs,

6, Lloyd's Avenue, London, May 23, 1910.

WE are in receipt of your favour of Saturday's date, and for which we are obliged.

We note the proposals you make for our acceptance, but the time you give us to consider the position is too short. We have to consult our Manchester friends, and are to-day posting on your communication to them. We would suggest that you extend your offers for reply, say, on Tuesday, the 31st instant, as this would give Messrs. Ellinger time to see us on the subject.

Yours faithfully,
ANDREW WEIR AND CO.

Enclosure 6 in No. 606.

Messrs. F. C. Strick and Co. to Messrs. A. Weir and Co.

Dear Sirs,

Baltic House, Leadenhall Street, London,
May 24, 1910.

WE are in receipt of your letter of the 23rd instant. In making you the offers contained in our letter of the 21st instant, for reply by noon to-day, we thought we were giving you ample time to consider same, especially as you are the principals in the business, and would have to decide whether to accept or decline same.

Although we have not the slightest desire to unduly press you for a reply, still, as we advised you in our letter of the 12th instant, our friends have been and still are pressing us for offers of oxide, and it is impossible for us to put them off any longer.

Consequently, although we are not concerned in any arrangement you may have with Messrs. Ellinger and Co., as you communicated to them yesterday the contents of our letter of the 21st instant, you will doubtless be hearing from them in the morning, so we will keep our offers for reply all day to-morrow in case you may wish to communicate with them either by telegraph or by telephone.

In case you may wish to see Mr. Ellinger before arriving at any decision, we will, if you inform us to-morrow that he is to see you on Thursday morning, keep our offers open until 3 p.m. on Thursday.

Of course, it must be understood that in the meantime you have no offers of oxide

outstanding, and will not make any offers. Please let us know in the morning that this is so.

Yours faithfully,
For Frank C. Strick and Co. (Limited),
FRANK C. STRICK.

Enclosure 7 in No. 606.

Messrs. F. C. Strick and Co. to Messrs. A. Weir and Co.

Baltic House, Leadenhall Street, London,
May 25, 1910.

Dear Sirs,

WE shall be glad if you will kindly let us have a reply to the last paragraph in our letter of yesterday, wherein we mentioned that it must be understood that, while waiting for your reply to the offer contained in our letter of the 21st instant, it was to be understood that in the meantime you have no offers outstanding, and would make no offers of oxide.

Yours faithfully,
For Frank C. Strick and Co. (Limited),
J. W. HOLMES.

Enclosure 8 in No. 606.

Messrs. A. Weir and Co. to Messrs. F. C. Strick and Co.

Dear Sirs,

6, Lloyd's Avenue, London, May 25, 1910.

WE are in receipt of your favour of yesterday's date, and note what you write. Like yourselves, we do not desire to prolong negotiations, but we hope to see Messrs. Ellinger to-morrow, and will then give you our reply. It will be the afternoon before we can see Messrs. Ellinger, which will not enable us to reply so early as you wish.

With regard to the last paragraph of your letter, we regret we cannot agree to your restriction.

Yours faithfully,
ANDREW WEIR AND CO.

P.S.—While writing, your letter of date has just come to hand.

A. W. AND CO.

Enclosure 9 in No. 606.

Messrs. A. Weir and Co. to Messrs. F. C. Strick and Co.

Dear Sirs,

6, Lloyd's Avenue, London, May 26, 1910.

REFERRING to our letter to you of yesterday's date, the following is copy of one we have received from Messrs. Ellinger and Co., Manchester:—

"We are in receipt of yours of 23rd instant covering letter from Messrs. F. C. Strick and Co. (Limited). The alternative proposals put forward now by Messrs. Strick overcome the insuperable difficulty which we anticipated in confining any pooling arrangement to your 6,600 tons with their 5,000 tons, and we see no reason why you should not agree on principle to an arrangement on the lines suggested by Messrs. Strick, subject to what we have to say as to price. The price of 65s. offered by Messrs. Strick in their first proposal is quite inadequate. There is no reason to doubt, judging by the prices we are at present obtaining, that, had the present difficulties not intervened, we would have realised for your 6,623 tons an average price of 73s. 8d. per ton. We see no reason why you should agree to any arrangement which would put you in a worse position than that in which you would have been had the contract run its uninterrupted course, and we therefore suggest for your consideration that you inform Messrs. Strick you are prepared to instruct us to hand over to them, in exchange for their cheque, warrants for about 6,623 tons of oxide stored at Avonmouth and Nordenham, against payment for same at the rate of 73s. 8d. per ton, free in store, up to date of acceptance

of your offer, payment to be made on the weights stated on the warrants, or, if this is not satisfactory to Messrs. Strick, the oxide to be weighed now at their expense.

"We have never found reason to doubt the weights stated in the warrants, and it would be very unsatisfactory to agree to an adjustment on final weights as ascertained on delivery *ex store*, as this settlement might be deferred for years, as it pays much better to deliver *ex ship* from new cargoes than to take the oxide out of store.

"The price we have advised is not higher than would have been realised under a pooling arrangement had that been found practicable. If you can get Messrs. Strick to purchase your stock of oxide on these conditions, we recommend you to do so. We cannot recommend you to entertain Messrs. Strick's second proposal."

We would add we are quite disposed to adopt what Messrs. Ellinger recommend.

Yours faithfully,

ANDREW WEIR AND Co.

Enclosure 10 in No. 606.

Messrs. F. C. Strick and Co. to Messrs. A. Weir and Co.

Baltic House, Leadenhall Street, London,
May 28, 1910.

Dear Sirs,

WE are in receipt of your letter of yesterday, giving us copy of letter addressed to you by Messrs. Ellinger and Co. We have been under the impression that the oxide in question belonged to you, and are surprised that Messrs. Ellinger appear to control the business.

We altogether disagree with Messrs. Ellinger's statement, that, in the absence of competition, the oxide would realise on an average 73s. 8d. per ton. We are certain that no such average net price could be realised, and we have a quarter of a century's experience of the article; besides, we know what Messrs. Ellinger have been asking for it.

In any case, that is quite beside the question. You and (or) Messrs. Ellinger and we will have considerable stocks, and our desire has been along, and still is, to try and do away with any needless competition, which would only mean a loss to all concerned.

We know perfectly well that the price we have offered you leaves a better net price than you could possibly realise without any competition whatever, and we are not disposed to increase it.

We might point out *en passant* that in another direction Messrs. Ellinger have not quite given the matter mature consideration, as a reference to our letter will show that an acceptance of our alternative offer would have involved settlement within twelve months, and we should have no objection to modify the first proposal by stating that if we have not taken the oxide out of either store in twelve months, we will either settle on the warrant weights or have the balance in store weighed at our expense.

In view of the prohibitive value Messrs. Ellinger and Co. place on the oxide, it appears to us that there is no chance of any understanding being arrived at, and consequently we much regret that there seems no other course left to us but to withdraw from further negotiations, unless we hear from you on Monday that you are prepared to modify your views.

Yours faithfully,

For Frank C. Strick and Co. (Limited),

FRANK C. STRICK.

Enclosure 11 in No. 606.

Messrs. A. Weir and Co. to Messrs. F. C. Strick and Co.

Dear Sirs,

6, Lloyd's Avenue, London, May 30, 1910.

WE are in receipt of your letter of Saturday's date, and note contents. It seems a pity if, after having got so far on the way towards an understanding, there should be any difficulty in fixing a price. We need hardly repeat that we are influenced like

yourselves in the endeavour to obviate needless competition. In support of Messrs. Ellinger and Co.'s statement that, in the absence of competition, the oxide would realise an average price of 73s. 8d. per ton, we sent them copy of your letter on Saturday, and they wire us to-day as follows:—

"We confirm our statement that, in absence competition, your 6,600 tons would realise 73s. 8d. Last prices obtained were: Philadelphia, 75s., c.i.f.; Bristol, 67s. 6d.; via Gellia, 72s. 6d.; smaller buyers, 77s. 6d.; Germany, Eggestorff, 75s., c.i.f.; Holzapfels, Newcastle, 80s., c.f.; smaller German, 85s.; average, 72s. Prior 'Pondo' shipment had just advanced price for Bristol to 70s. and smaller German 88s. 9d., which is obtainable, and Philadelphia has paid up to 87s., c.i.f., in bags. With exception Golden Valley one month all cash against delivery all net prices except 350 tons 2½ per cent. discount."

We think these are convincing proofs, and demonstrate that we are actuated by fair and equitable motives as to our realisations without competition.

We trust, therefore, that you will now appreciate the reasonableness of our terms, and that your price of 65s. per ton is much too low.

Yours faithfully,

ANDREW WEIR AND Co.

Enclosure 12 in No. 606.

Messrs. F. C. Strick and Co. to Messrs. A. Weir and Co.

Baltic House, Leadenhall Street, London,
June 1, 1910.

Dear Sirs,

WE are in receipt of your letter of the 30th ultimo, but we quite fail to see what the gross selling prices indicated by Messrs. Ellinger and Co. have to do with the matter, even if the figures they give are accurate. It is net figures we have to deal with, not gross selling prices, and the difference between the two is large, in some cases, such as Philadelphia, running into quite a considerable number of shillings per ton. It was the value in store with which we both purported to be dealing. We can only say that we named very full prices, on which we cannot improve in any way, and which we regret Messrs. Ellinger have not thought well to accept. We take it there is nothing to be gained by pursuing the matter further, but of course, if you have at any time any proposal to make, we shall be pleased to consider same if circumstances then permit.

Yours faithfully,

For Frank C. Strick and Co. (Limited),

FRANK C. STRICK.

Enclosure 13 in No. 606.

Messrs. A. Weir and Co. to Messrs. F. C. Strick and Co.

Dear Sirs,

6, Lloyd's Avenue, London, June 8, 1910.

WE duly received your favour of the 1st instant, which we passed on to our Manchester friends, and in view of your remarks requested them to go very carefully into the figures. We have heard from them this morning on the subject, and they write us as follows:—

"With reference to Messrs. Frank C. Strick and Co.'s letter to your good-selves of the 1st June, we have now again gone into these figures. The average figures given by us were net figures, free on rail. All the figures given were net free on rail prices with the exception of the c.i.f. Philadelphia and c.f. Newcastle prices, from which the extra charges were deducted in order to arrive at the average prices, and this must have been quite apparent to anyone taking the trouble to test the figures. To make the matter perfectly clear, we hand you enclosed statement showing exactly how our figures were arrived at. The only point to which we had not given attention was the fact that on the average net prices given there would be a loss on the average of six months' interest and six months' rent, as it would take nine to twelve months to clear the stock, and this deducted from the 72s. 1d. leaves 69s. 7d. per ton. If Messrs.

F. C. Strick and Co. really mean business and wish to deal fairly with you, this is the lowest price they should pay."

We also enclose you copy of the figures, from which we think you will see that you have been under a misapprehension as to the correct price.

Yours faithfully,

ANDREW WEIR AND Co.

Enclosure 14 in No. 606.

Messrs. F. C. Strick and Co. to Messrs. A. Weir and Co.

Baltic House, Leadenhall Street, London,
June 10, 1910.

Dear Sirs,

WE are in receipt of your letter of the 8th instant, and while thanking you for Messrs. Ellinger and Co.'s statement, can only say that their amended figures, when analysed and corrected, show that the offers contained in our letter of the 21st May were such full ones that we are surprised Messrs. Ellinger and Co. did not accept same.

Yours faithfully,
For Frank C. Strick and Co. (Limited),
FRANK C. STRICK.

Enclosure 15 in No. 606.

Messrs. A. Weir and Co. to Messrs. F. C. Strick and Co.

Dear Sirs, 6, Lloyd's Avenue, London, June 15, 1910.

WE are duly in receipt of your letter of the 10th instant, and note contents. It appears that we both view the matter from the same standpoint, i.e., that we should receive the price we could have obtained had you not come into the market, but we are not agreed as to what it should be.

We would suggest that in order to arrive at a decision herein, we should have a friendly arbitration as to the price payable by you for our stock. As an alternative, however, if you have not sold, and will not sell until we have disposed of our oxide, this would decide the question between you and us.

Yours faithfully,
ANDREW WEIR AND Co.

Enclosure 16 in No. 606.

Messrs. F. C. Strick and Co. to Messrs. A. Weir and Co.

Baltic House, Leadenhall Street, London,
June 18, 1910.

Dear Sirs,

WE duly received your letter of the 15th instant, but as we are not at all in accord with the views expressed therein, we can only confirm what we wrote in ours of the 10th instant.

Yours faithfully,
For Frank C. Strick and Co. (Limited),
FRANK C. STRICK.

[22599]

No. 607.

Mr. Marling to Sir Edward Grey.—(Received June 23.)

(No. 264.)

(Telegraphic.) P.

Catania, June 23, 1910.

CONSOLIDATION of Imperial Bank of Persia's advances to Persian Government.
Please refer to my telegram No. 258 of the 20th June.

Count Quadt has hinted to French Minister that he intends to raise a protest against the above agreement, alleging that Germany possesses a prior lien on the revenues of the customs, e.g., the payment of the few German employés in Persia and the subvention to the German school in Tehran.

[22441]

No. 608.

Sir Edward Grey to Mr. Marling.

(No. 196.)

(Telegraphic.) P.

Foreign Office, June 23, 1910.

YOUR telegram No. 263 of yesterday.

We will not stand in the way of Mr. Preece if he wishes to approach Persian Government. We could not actually support negotiations without a previous understanding with the Russians, but as long as the latter do not object on the score that Russian interests are being prejudiced we shall not offer any opposition.

Mr. Moore had better not be told anything in the circumstances.

[21975]

No. 609.

Sir Edward Grey to Mr. O'Beirne.

(No. 338.)

(Telegraphic.) P.

Foreign Office, June 23, 1910.

PLEASE see my telegram No. 196 of to-day to Tehran. In his despatch No. 86 of the 3rd June, His Majesty's chargé d'affaires at Tehran states that in his opinion the Persian Government will not for some time think it opportune to approach the two Powers with a request for a financial advance, and the prospect that such a request will be made has not improved since his despatch was written.

Mr. Marling suggests that in case Persians are not inclined to make the application, that there is no reason why an advance should not be obtained from some other unobjectionable quarter, as, for instance, the Anglo-Persian Oil Company's group, or some other firm of established reputation.

There is a danger that Persian Government may apply to other Powers for a loan, and we therefore think that it would be unadvisable to discourage British groups of some standing from negotiating an advance, provided that the conditions are not prejudicial to British or Russian interests in Persia. You should draw M. Isvolsky's attention to these considerations and ask his views.

[21775]

No. 610.

Foreign Office to India Office.

Sir,

Foreign Office, June 23, 1910.

WITH reference to previous correspondence relative to the dispute between the Sheikh of Mohammerah and the Vali of Bussorah, I am directed by Secretary Sir Edward Grey to transmit to you herewith copy of a despatch from His Majesty's chargé d'affaires at Tehran,* giving the substance of the reply which His Majesty's consul at Mohammerah has suggested that the former should return to the communication addressed to him by the latter.

I am to request that Viscount Morley's attention may be called to the last three paragraphs of the telegram from His Majesty's consul-general at Bushire, paraphrase of which forms the enclosure in Mr. Marling's despatch, relative to the reported attitude of the Sheikh of Koweit.

I am, &c.

LOUIS MALLET.

* No. 576.

[1722]

4 C

[22670]

No. 611.

Sir E. Goschen to Sir Edward Grey.—(Received June 25.)

(No. 182.)

Sir,

Berlin, June 21, 1910.

THE "Münchener Neueste Nachrichten" of last Saturday publishes an account of an interview between their representative in London and Herr Saïd Ruete, who was recently sent to Persia by the Deutsche Bank.

Herr Ruete complained that a wrong impression respecting his position had been conveyed by a statement published by Reuter's agency, to the effect that the Deutsche Bank were not "inclined to take any action on his report." The impression thus conveyed was a false one; as a matter of fact, he had advised the bank to abstain from undertaking any operations in Persia. Success, he felt, could only be achieved with the help of a strong and continuous support from the German Foreign Office; support which owing to the political complications in Persia could not at present be counted upon.

The newspaper remarks that it is evident that during Herr Ruete's absence in Persia there was a sudden change of wind in Berlin, a change that was not unconnected, it may be supposed, with M. Tsvolsky's visit there. It suspects, in fact, that the Imperial Foreign Office, without thinking over the consequences, were just as precipitate in hastening to take action in the Persian question as they have subsequently been in sounding the retreat. These proceedings, it observes, cannot have increased German influence in Persia, and must have had an unfavourable effect on her prestige in the Mahommedan world in general.

In the course of the interview, Herr Ruete went on to say that an internal loan in Persia was impossible. Money could not be raised by that means.

In view of Germany's retreat, Persia would now be obliged to borrow from Russia and England. He then proceeded to speak in strong terms of the obstacles placed by Russia in the way of international trade with Persia through Russian territory. Russian policy in this and in other respects must also in the long run be harmful to the United Kingdom, while there was ample room in the Near and Middle East for the co-operation of German interests, especially with reference to the Bagdad Railway and the irrigation of Mesopotamia. Were there no statesmen in either country who were capable of adopting a bold and far-seeing policy in these matters?

Herr Ruete's views in this respect, which are more or less endorsed by the "Münchener Neueste Nachrichten," are perhaps not unworthy of some note, in view of the position taken up by high authority in Berlin that German public opinion would not accept a co-operation of the two countries which would be acceptable to Great Britain, unless a substantial *quid pro quo* were forthcoming in regard to matters unconnected with the East. The "Münchener Neueste Nachrichten" is understood to be in fairly close touch with the Foreign Office by means of a correspondent in Berlin, Professor Francke, who is also the channel by which inspired news is communicated from time to time to the "Hamburger Fremdenblatt." It may be presumed, however, in view of the strictures on the inconsistency of the Imperial Foreign Office as regards its policy in Persia, that on the present occasion it was not acting in conjunction with the press bureau.

The Deutsche Bank, through the channel of the "Vossische Zeitung," has hastened to disavow any connection with Herr Ruete's remarks on German policy, though it states, however, that it is in some doubt as to whether the views in question are really those of Herr Ruete, or of the newspaper reporter who possibly failed to grasp the purport of what was said to him.

I have, &c.

W. E. GOSCHEN.

[22723]

No. 612.

India Office to Foreign Office.—(Received June 25.)

Sir,

India Office, June 23, 1910.

IN reply to your letter of the 13th instant regarding the decision of the Persian Government to assimilate the formalities to be fulfilled in the case of persons visiting Bahrain to those prescribed in the case of travellers to Persian ports, I am directed to express Viscount Morley's concurrence in the view of Secretary Sir E. Grey, that the

proposal of His Majesty's chargé d'affaires at Tehran to abstain from protest against this measure may be approved.

I am, &c.

R. RITCHIE.

[22779]

No. 613.

Messrs. Ellinger and Co. to Foreign Office.—(Received June 25.)

Sir,

28, Oxford Street, Manchester, June 24, 1910.

WE have given very careful consideration to your letter of the 21st May on the subject of the rights of Messrs. Andrew Weir and Co. and ourselves under the contract for shipment of red oxide from Hormuz, and dealing generally with the position which has arisen, and we now write for the purpose of submitting to you the views of Messrs. Andrew Weir and Co. and ourselves, and to ask respectfully that they may receive special consideration after all that has taken place in the course of our numerous communications with the Foreign Office, the India Office, and the Board of Trade, extending as far back as July 1906.

Down to a comparatively recent date the right of the Muin-ut-Tujjar to a concession in perpetuity was not only not called into question, but was expressly affirmed on several occasions by the Foreign Office.

In proof of this we venture to remind you that in 1907, when, with the active encouragement of the Foreign Office and the India Office, we were endeavouring to form an English company for the purpose of taking a lengthened contract from the Muin and securing a monopoly of the mining of oxide from Hormuz, it was a vital condition of the success of the scheme that we should be able to give assurances that the Muin's concession had been granted in perpetuity. We had correspondence and interviews on the subject at that time with the Foreign Office, and on the 18th January, 1908, we received a letter, which we were to treat as private and confidential, and to be shown only to persons whom the Government might approve, in which the following assurance was given with regard to the Muin's title:—

"That, so far as His Majesty's Government are aware, the concession to the Muin is in perpetuity. The firman and rescript confirming it have been seen at the British Legation at Tehran."

On the following 9th April we asked for and on the 4th May we received the permission of the Foreign Office to give to Messrs. Andrew Weir and Co. inspection of the above letter of the 18th January, the object in view being to place that firm in possession of the information which would justify us in proposing that they should enter into a contract with the Muin and the Muin on his side in making such a contract.

We respectfully submit that both in our efforts to form a company and subsequently (when in consequence of Messrs. F. C. Strick and Co.'s antagonism to that scheme it was found impracticable) in the negotiations which resulted in the contract made with Messrs. Andrew Weir and Co. and ourselves for a term now running we were absolutely justified in supposing that the Muin's concession was in perpetuity, seeing that His Majesty's Government had verified that fact by actual inspection through their Minister of the documents constituting the Muin's title, and it is a fact that the Muin's contract with Messrs. Andrew Weir and Co. and ourselves was entered into on the faith of the existence of a concession in perpetuity and on the assurances that had been given to us from time to time of the benevolent protection of His Majesty's Government to the Muin-ut-Tujjar and the rights of British subjects under the contract.

In the spring of 1909 the Muin-ut-Tujjar was threatened with disturbance of his rights. This was due to the action of the Nationalists, and the alarm then felt had reference to forcible violation of the Muin's rights and of the rights of Messrs. Andrew Weir and Co. under their contract with him. Although the obligations assumed in the letter of the 3rd May, 1909, to which reference has been made in previous correspondence, were specially applicable to the interference with our rights caused by the Nationalists, our attention was then drawn to the fact that we had not notified His Majesty's Government that the contract between the Muin-ut-Tujjar, Messrs. Andrew Weir and Co., and ourselves gave Messrs. Andrew Weir and Co. the monopoly rights to the oxide during the currency of the contract, and we consequently

asked in our letter of the 1st May, 1909, that Sir George Barclay might be advised of this, as it would be very injurious to the interests of all concerned if oxide were allowed to be removed from the island by any other than the Muin-ut-Tujjar or Messrs. Andrew Weir and Co., and that our rights were then still fully recognised by His Majesty's Government and regarded as under their protection is clear from the following letter of the 5th May, 1909, written to a member of our firm by Mr. Mallet:—

"In reply to your letter of the 1st instant, I am directed by Secretary Sir E. Grey to inform you that a telegram has been sent to His Majesty's Minister at Tehran stating that you are desirous that he should be informed that by their contract with the Muin-ut-Tujjar, Messrs. Andrew Weir and Co. have acquired the monopoly of the sale of oxide extracted from Hormuz Island, and that British interests would be injured if oxide were removed from island by any party other than Messrs. Andrew Weir and Co. or the Muin-ut-Tujjar."

On the 31st August, 1909, we received a letter from the Foreign Office, which intimated that the Muin's concession appeared to be in imminent danger, and that Sir George Barclay, by instructions of the Secretary of State, was doing all he could on the Muin's behalf, and, even if his efforts proved unsuccessful, would endeavour to protect the rights of Messrs. Andrew Weir and Co. under their contract with us.

Down to this date, therefore, there was no question as to the Muin's concession, or as to the legality of his contract with Messrs. Andrew Weir and Co., or as to the intention of His Majesty's Government to continue to do, as they had done in the past, all they could to protect the Muin's concession; and so matters stood until the following April, when we learnt that a sale of 5,000 tons of oxide from Hormuz had been made by the Persian Government at 45s. a ton, and upon our bringing this to the notice of the Foreign Office we received a reply, dated the 12th April last, to the effect that the report was substantially correct, and that the Persian Government had decided that the Muin's concession was invalid, and had declined his application for a renewal. In the same letter it is mentioned that Sir George Barclay had been informed that His Majesty's Government could not object to the proposed sale of oxide, "provided that the legitimate interests of Mr. Weir were not thereby injured," although His Majesty's Government and Sir George Barclay were at that time well aware that by their contract with the Muin-ut-Tujjar, Messrs. Andrew Weir and Co. had acquired the monopoly of the sale of the oxide extracted from Hormuz Island, and that their interests would be injured if they were removed from the island by any other party.

We need not allude to the letters that passed between that time and your letter of the 21st May, to which we are about to refer, beyond saying that the letters received from the Foreign Office during this period between April and May indicate no attempt nor desire on the part of His Majesty's Government to prevent the violation of our rights, and that, beyond informing the Persian Government that they would be held responsible for our damages, it was not thought necessary or practicable to do anything.

Your letter of the 21st May now qualifies the obligation of His Majesty's Government to intervene on behalf of Messrs. Andrew Weir and Co. against the action of the Persian Government in entering into the recent agreement with Mr. Strick by the very important words, "supposing that the Muin was within his rights in making the contract with that firm."

We venture to suggest that this expression must have been used in forgetfulness of the circumstances under which previous assurances of His Majesty's Government were given with regard to the concession itself. As we have already shown, assurances as to the concession, founded upon actual inspection of the documents, were given to us with the direct object of putting us in a position to ask our friends for money to form a company in which English capital would have been embarked; and it was only after our efforts in the city and the independent efforts there of the late Mr. Wilson Fox had failed, and only after he had tried and failed to induce Messrs. F. C. Strick and Co. (Limited) to make a contract, that the contract was made with Messrs. Andrew Weir and Co. The validity and perpetuity of the contract were of the essence of the whole matter from beginning to end, and the suggestion that Messrs. Andrew Weir and Co. and ourselves may be deprived of all support from His Majesty's Government for the maintenance of their and our rights on the mere assertion of the Persian Government that the concession was not in force at all at the time when the contract

with Messrs. Andrew Weir and Co. was made is one that we respectfully ask to have reconsidered from the point of view of good faith towards Messrs. Andrew Weir and Co., the Muin-ut-Tujjar, and ourselves.

We understood that in this matter His Majesty's Government had interests independently of the interest His Majesty's Government always takes in the enterprise of British subjects, and we cannot for one moment suppose that the support which was accorded for that reason will be withdrawn now merely because a British subject has secured a contract with the Persian Government in violation of the rights of Messrs. Andrew Weir and Co. and ourselves, which were known to him, and that consequently His Majesty's Government has no longer any interest to serve in giving us the support which has been given in the past and was so explicitly and frequently accorded when we were endeavouring to make arrangements for keeping the business in British hands. Nor can we suppose that, after having throughout upheld the perpetuity of the concession and given assurances to us upon that footing, His Majesty's Government will now put upon those who have loyally assisted them in the direction of their own wishes the consequences of its being declared by the Persian Government that the concession has expired, without any evidence having been put forward to establish the truth of this declaration.

With regard to the actual fact as to whether the concession is in perpetuity or not, we, of course, cannot pretend to express an opinion as to the construction that might be placed upon Persian documents in Persia, but regarding the matter from an English point of view, we are advised that the terms of the supplemental document of 1904, of which a translation was sent to us in your letter of the 29th January, 1909, are certainly only capable of being read in the sense of being a perpetual grant, and we would add that neither at the time of forwarding that document nor on the several occasions on which the concession has been in danger of confiscation had its contents apparently given rise to any doubt on the part of His Majesty's Government or the Persian Government as to the title of the Muin-ut-Tujjar derived from the concession. We do not understand why the fact that the Persian Government have granted the concession to Mr. Strick should afford any ground for believing that they are justified in this attitude, as we are informed that Messrs. F. C. Strick and Co. have indemnified the Persian Government against any damages they may have to pay for the violation of other British interests, and that this arrangement is within the knowledge of His Majesty's Legation at Tehran. However that may be, we take our stand upon the assurances given us, upon the faith of which we have acted throughout in promoting the interests of His Majesty's Government as well as the commercial interests of the Muin-ut-Tujjar, our friends, and ourselves. We submit that, although it is perfectly true to say, as stated in your letter, that the circumstances have changed, there has been no change which in any way affects the right of Messrs. Andrew Weir and Co. and ourselves to claim protection from His Majesty's Government.

Your letter takes up further the position that, as the concession is in dispute between two British firms, His Majesty's Government are bound to exercise absolute impartiality between them. We do not see how at this stage His Majesty's Government can be in a position to exercise absolute impartiality between the British subjects whose interests are involved. His Majesty's Government, in the year 1908, avowed a decided preference that the oxide business should continue in the hands of Messrs. F. C. Strick and Co. (Limited), instead of being placed in those of Messrs. Andrew Weir and Co., and, in order to meet their wishes, not only did we try to make a contract with Messrs. F. C. Strick and Co., but the late Mr. Wilson Fox also tried, and had several interviews with Messrs. F. C. Strick and Co. for this purpose. It was only after we had both failed in our endeavours that the contract was made with Messrs. Andrew Weir and Co. It was clear in the minds of the Muin-ut-Tujjar and ourselves that the transfer of the business might involve the loss of His Majesty's Government's support, and we deemed it necessary to ask His Majesty's Government in our letter of the 18th November, 1908, whether we would be quite correct in informing the Muin-ut-Tujjar that, so long as the sale of the oxide remained in our hands, no application to the Persian Government by any other British subject for the grant of the concession of the island of Hormuz, and consequent confiscation of the concession now held in perpetuity by the Muin-ut-Tujjar, would receive the support of His Majesty's Government in London or the British Legation in Tehran, to which we received an affirmative reply. We also understood at the interviews between Mr. Mallet and Mr. Maxwell and our Mr. M. Ellinger, and again at the interviews between Mr. Maxwell, Mr. Norman, and our Mr. M. Ellinger, that Messrs. F. C. Strick and Co. had on two occasions been informed that His Majesty's

Government were not in a position to support their application to the Persian Government for the concession.

We respectfully claim that a continuous chain of communications between ourselves and His Majesty's Government extending back for years establishes our position as having a prior claim upon the protection of the Government, whether against a British subject or anyone else, and that His Majesty's Government cannot equitably uphold the action of the Persian Government and their right to grant a contract to Mr. Strick.

In conclusion, we beg to submit the enclosed statements showing the damages sustained by Messrs. Andrew Weir and Co. and ourselves respectively owing to the breach of the contract dated the 4th December, 1908, to which this letter refers, and we shall be happy to give any explanation or further information with regard to them that you may desire.

Yours faithfully,
ELLINGER AND Co.

Enclosure 1 in No. 613.

ACCOUNT of Damages sustained by Messrs. Andrew Weir and Co. in consequence of Breach of Contract, dated the 4th December, 1908, between Haji Agha Mohamed Muin-ut-Tujjar, of Bushire and Tehran, Messrs. Ellinger and Co., of Manchester, and Messrs. Andrew Weir and Co., of London:—

Item 1.—We have in store, at Avonmouth, 4,095 tons of oxide, which, in the continued enjoyment of our monopoly, would have realised a total sum of	£ s. d. 14,528 12 6
Item 2.—We have further in store, at Nordenham, 2,488 tons of oxide, which, in the continued enjoyment of our monopoly, would have realised a total sum of	9,739 2 0
Item 3.—We have further to receive under the contract 5,218 tons, which, in the continued enjoyment of our monopoly, would have realised a profit of 12s. 9d. per ton, equal to	3,326 9 6
Therefore, in liquidation of our damages, we claim the total sum of	27,594 4 0
Against which we are prepared to surrender warrants for the 4,095 tons of oxide now in store at Avonmouth and 2,488 tons in store at Nordenham.	

We attach hereto a note showing how the amounts in items 1, 2, and 3 are arrived at.

The above claim is made out on the footing of a final settlement being arrived at by the 1st October next, as being a reasonable period to allow for the realisation of the oxide in the ordinary course of business. If the claim is not settled by that date there will be a further claim for interest, cost of storage, and insurance.

ELLINGER AND Co.

June 24, 1910.

Enclosure 2 in No. 613.

STATEMENT showing how the Amounts given above are arrived at:—

Item 1. <i>English and American Sales—</i>	£ s. d.	£ s. d.	£ s. d.
3,112 tons at	3 10 0 =	10,892 0 0	
600 " " "	3 12 6 =	2,501 5 0	
203 " " "	3 17 6 =	1,135 7 6	
4,095 tons free on rail, Avonmouth. .		14,528 12 6	
Item 2. <i>German Sales—</i>	£ s. d.		
1,000 tons at	3 15 0 =	3,750 0 0	
788 " " "	3 16 6 =	3,014 2 0	
700 " " "	4 5 0 =	2,975 0 0	
2,488 tons free, Nordenham.		9,739 2 0	

Item 3—		£ s. d.	£ s. d.
Item 1 .. 4,095 tons value ..		14,528 12 6	
Item 2 .. 2,488 " " ..		9,739 2 0	
Total .. 6,583			24,267 14 6
Gives an average price of .. per ton		3 13 8	
Cost of oxide at Ormuz, f.o.b. ..		2 2 6	
Freight		0 15 3	
Insurance		0 0 4	
Landing charges, &c.		0 2 10	
Total cost, free on rail		3 0 11	
Balance is loss of profit		0 12 9	

June 24, 1910.

ELLINGER AND Co.

Enclosure 3 in No. 613.

ACCOUNT of Damages sustained by Messrs. Ellinger and Co. in consequence of the Breach of Contract, dated the 4th December, 1908, between Haji Agha Mohamed Muin-ut-Tujjar, of Bushire and Tehran, Messrs. Ellinger and Co., of Manchester, and Messrs. Andrew Weir and Co., of London:—

As agents for the sellers under this contract, we are entitled to a commission of 5 per cent. on all oxide sold and delivered, and we have, in consequence of the breach of contract, been deprived of our commission on 5,218 tons of oxide still remaining to be delivered to Messrs. Andrew Weir and Co., at a price of 42s. 6d. per ton, on which our commission would amount to	£ s. d. 554 8 0
And further we have been deprived of our commission on the sale of 31,000 tons which have been sold to Messrs. F. C. Strick and Co., at a price of 45s. per ton, and on which our commission would amount to	3,487 10 0
And therefore in liquidation of the damages sustained by us we claim payment of	4,041 18 0

June 24, 1910.

ELLINGER AND Co.

[22854]

No. 614.

Sir G. Loether to Sir Edward Grey.—(Received June 27.)
(No. 387.)
Sir,

Therapia, June 18, 1910.

THE following, which has come into my hands, purports to be substance of a telegram recently sent by the Ottoman Ambassador in Tehran to the Sublime Porte regarding a conversation with the Regent. Mr. Marling will best be able to judge of its genuineness:—

"Regent states that designs of Great Britain and Russia are well known. They are both against us, and we cannot avoid their action owing to disordered state of our finances. These two Powers employ every method to starve us financially.

"You must expect the same difficulties from which we are suffering, for the power we have inherited from the régime of absolutism is not a real power as yours is a real one, supported by an army equal to fighting European Powers. If you can get rid of the foreigners for us before the fire attacks the roof, all Islam may be saved at the same time that we are.

"We have never been deceived by German promises, and we shall not be in the future.

"The one thing we look to is that there should arise a quarrel between these three States.

"Our union and our understanding must not yet be given effective shape. If this limit is exceeded a catastrophe might come. Therefore, instead of annoying them, we must get what advantage we can out of the friendship of those two States.

"Nazim Pasha's proceedings (this refers to the Vali of Bagdad and Turkish action on the Persian frontier) do not displease us, but it is evident that we can do nothing if anything should occur to arouse English or Russian suspicions.

"If we can gain ten years, you with 25,000,000 and we 10,000,000 Moslems could knock out Europe. Knowing this, the Powers only wish to destroy us by absolutism.

"We are obliged to bow more to the English than to the Russians, in spite of the troops of the latter in the country. Nevertheless, I repeat that our union must for the present not be translated into acts."

The Ambassador adds that the above proves the good intentions of the Regent, and states that the views of the Sipahdar, having no political value, he is only sending them by letter.

I have sent a copy of the above in cypher by post to Mr. Marling.

I have, &c.

GERARD LOWTHER.

[22862]

No. 615.

Sir G. Lowther to Sir Edward Grey.—(Received June 27.)

(No. 395.)

Sir,

Therapia, June 20, 1910.

I ASKED Rifaat Pasha to-day whether the Ottoman Government had come to any decision on the proposal made to them by His Majesty's Government and the Government of Russia to join us in sending an official in order to ascertain the exact situation in Azerbaijan, where the Persian administrative authority is temporarily weakened. My recent enquiries had, I said, met with the response that the return of Rifaat Pasha must be awaited before giving a definite reply.

His Excellency answered that he was somewhat at a loss to understand the exact purport of the journey. Could I explain it to him?

I replied that both the Russian Ambassador and myself had at different times made enquiries as to the localities in which Turkish troops were placed and where administrative government had been established by Turkish officials, and that the replies, though always vague, did not seem to correspond with the information received by us from other quarters. It was with a view to establishing facts that we proposed to send these officials. Did we, Rifaat Pasha asked, mean this to be a commission for delimiting the frontier? I explained that this could hardly be so, as the rank of the officers chosen would not justify their undertaking such important duties. Rifaat Pasha insisted that he failed to see what useful object could be gained. What special points did we complain of? For instance, he said, at Urumia, Khoi, Salmas, and Sonjboulak there were Turkish consular authorities, so that these were obviously not claimed by Turkey. It was at moments necessary to send troops there to protect the consulates and Turkish subjects, but they would be withdrawn when their presence was no longer required. On the other hand, there were places, which he did not mention, which, by documents, the Turkish Government could prove belonged to Turkey though claimed by Persia.

I observed that it was remarkable how Turkish pretensions beyond the disputed zone had increased during the last two years and that Turkish troops were being constantly sent into territory indisputably Persian, and that the territory around Urumia and contiguous districts were referred to by the Van authorities as the "new cantons" of the Van Vilayet. To this Rifaat Pasha observed that as regards this the Russian action was analogous. When occasion required they sent troops into Persian territory, settled the matter which was said to regard the interests of Russian subjects, and then withdrew within the zone occupied by their troops. The Turkish officers followed the same course. They had established no civil administration in those regions, but the officers were occasionally charged with administrative functions in the absence of all administrative authority on the part of the Persians.

I understand from my Russian colleague that Rifaat Pasha used similar language to him, though omitting all reference to the action of the Russian troops. M. Teharykoff considers that Rifaat Pasha's admissions are of considerable value, and that the proposal to send the officials to investigate has had a useful effect, which may, perhaps,

be improved if further pressed should it become necessary. It seems difficult to see whence my Russian colleague obtains this satisfaction.

I have sent a copy of this despatch to Tehran.

I have, &c.

GERARD LOWTHER.

[22869]

No. 616.

Sir G. Lowther to Sir Edward Grey.—(Received June 27.)

(No. 402.)

Sir,

Constantinople, June 21, 1910.

WITH reference to my telegram No. 109 of the 10th instant, I have the honour to forward herewith a despatch from His Majesty's consul at Bussorah on the subject of the dispute between the Turks and the Sheikh of Mohammerah.

I have, &c.

GERARD LOWTHER.

Enclosure 1 in No. 616.

Consul Crow to Sir G. Lowther.

(No. 32.)

Sir,

Bussorah, May 28, 1910.

WITH reference to your Excellency's telegram of the 26th May communicating to me the Foreign Office telegram No. 113 to His Majesty's representative at Tehran, I have the honour to report that on the 20th May I wrote to the acting vali privately, and suggested that some expression of regret should be made to the Sheikh of Mohammerah for the death of his wife and the inadvertent attack on his mother's house, and that some reparation might be offered for the damage done to it. I said I thought it would disarm criticism if this were done, and I proffered the suggestion in the best interests of the vali.

The acting vali communicated my letter to the vali. I have the honour to enclose a copy of the vali's reply as communicated to me by Saad Bey, and of my answer. The vali no doubt desires to receive the sheikh's reply to his letter before making any advance, and he seems at present a little untractable, which is perhaps due to the handsome ovation he received on his arrival at Bagdad and the congratulatory telegram from Constantinople on his action at Zein. But, if the sheikh answers in the way proposed by the Foreign Office, I hope to be able to persuade him to meet us in the matter.

I am informing the acting vali to-day of the lines on which His Majesty's Government hope to effect a reconciliation, as I gather from the vali's telegraphic reply that he is disposed to resent my intervention, and it may reassure him to know that His Majesty's Government are aware of his difficulties, and wish to give him reasonable assistance.

I have, &c.

F. E. CROW.

Enclosure 2 in No. 616.

Acting Vali of Bussorah to Consul Crow.

Cher Mr. Crow,

Bassora, le 26 mai, 1910.

JE vous demande pardon de vous faire attendre pour la réponse de votre estimée portant la date du 20 courant et concernant le Chéikh de Mohammerah.

Son Excellence Nazif Bey dit que, n'existant aucun rapport entre le fait du Gouvernement à Kut-el-Zein et votre poste, il regrette beaucoup de ne pouvoir accepter vos propositions. Il ajoute que tant que le Chéikh Hazal continue de laisser Mohammerah en son état d'être asile aux brigands et malfaiteurs, il ne pourra jamais regagner la sympathie du Gouvernement ottoman, et que son Excellence est disposée à répondre à la critique—presque impossible, d'ailleurs, pour un brigand comme Mohammed-el-Chenau, qui est poursuivi actuellement par le parquet.

Agréé, &c.

A. SAAD.

[1722]

4 Q

Enclosure 3 in No. 616.

Consul Crow to Acting Vali of Bassorah.

Cher Saad Bey,

Bassora, le 27 mai, 1910.

LA suggestion que j'ai faite au vali était simplement qu'il serait bien de sa part de faire une expression de regret pour la mort de la femme du chéikh et pour le bombardement de la maison de sa mère, et faire réparer cette maison, qu'il aurait endommagée par inadvertance.

Veuillez bien dire au vali qu'il est libre de repousser mon intervention, mais je crains qu'on ne trouve sa réponse à ma suggestion amicale quelque peu brusque. Il est évident d'ailleurs qu'il ne comprend pas bien sa position vis-à-vis de notre Gouvernement dans cette affaire. Nous voulons faire la réconciliation avec Mohammerah en protégeant les droits de la Turquie et en usant de notre influence auprès du chéikh pour l'engager à maintenir dans l'avenir une conduite plus conforme aux intérêts réciproques des deux pays. Le vali n'a qu'à suivre les événements en Perse pour comprendre que le chéikh se trouve sous la protection du Gouvernement britannique. En acceptant ma proposition le vali aurait facilité ma tâche, et en la refusant il se fait du tort.

Bien à vous,

F. E. CROW.

[23097]

No. 617.

India Office to Foreign Office—(Received June 27.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copy of the undermentioned telegrams, regarding relief to British Indian subjects robbed in Persia:—

From Viceroy, the 18th June, 1910.

To Viceroy, the 20th June, 1910.

India Office, June 25, 1910.

Enclosure 1 in No. 617.

Viscount Morley to Government of India.

(Telegraphic.) P.

India Office, June 20, 1910.

RELIEF of British Indian subjects. See your telegram dated the 18th June.

Instructions that proposed grant is sanctioned were sent to Tehran legation on the 17th June.

Enclosure 2 in No. 617.

Government of India to Viscount Morley.

(Telegraphic.) P.

June 18, 1910.

RELIEF of British Indian subjects robbed in Persia. See our telegram dated the 10th June.

Urgent reply is requested in telegram from His Majesty's Legation at Tehran.

[23146]

No. 618.

Mr. Marling to Sir Edward Grey—(Received June 27.)

(No. 265.)

(Telegraphic.) P.

Gulahck, June 27, 1910.

RUSSIAN troops at Tabreez.

I am informed by M. Poklewski that the Russian military authorities intend to dispatch a certain number of recruits to Tabreez to replace some 300 time-expired men

who have been discharged during the last few months. For some time past the authorities have been urging the necessity of taking this step for reasons of internal military administration; the urgent representations of the Russian Minister have alone deterred them hitherto, but they now insist on carrying it out without delay.

The excitement that has already been aroused by incorrect versions of the recent incidents at Tabreez may be heightened by dispatch of recruits, which will certainly be misinterpreted here as an increase of the Russian force. M. Poklewski is, however, of opinion that if the measure is inevitable it is better to face a momentary outburst than to postpone the dispatch of the recruits till later, and thereby prolong or revive the anti-Russian agitation. Russian Minister's view is, I am inclined to think, correct, and it appears to me possible that a salutary effect may be produced by the measure. Persians have, of course, a deep-rooted mistrust of the Russians, but I am convinced that present excitement is to a great extent fictitious, and engineered by the extreme Nationalists, who aim at the overthrow of the Sipahdar, and who would see in the dispatch of recruits a sign that Russia's patience is becoming exhausted. If these agitators could be given a lesson, conditions favourable for the withdrawal of Russian troops, the desirability of which M. Poklewski fully recognises, might be brought about.

[23152]

No. 619.

Mr. Marling to Sir Edward Grey—(Received June 27.)

(No. 266.)

(Telegraphic.) P.

Gulahck, June 27, 1910.

SITUATION in Tabreez.

With reference to my telegram No. 260 of the 20th June.

Russian Minister informs me that the joint enquiry which has hitherto been delayed by the refusal of Mukhber-es-Sultaneh to obey orders from central Government, is now being held, some of the police which Russian cossacks arrested have been set at liberty, and Russian consul-general is pressing his Government to agree to release of remainder also. Settlement of matter may therefore be expected shortly.

With reference to my telegram No. 261 of the 20th June.

Persians have surrendered the deserter to Russians. This solution has been brought about by Mujtehed, to whom Russian consul-general has expressed regret for any inconvenience that the incident of the 16th June may have caused him. His Majesty's consul adds, in reporting the above, that if the Persians had from the first resolved on the course now adopted, they would have saved themselves unnecessary humiliation.

[23175]

No. 620.

Mr. O'Beirne to Sir Edward Grey—(Received June 27.)

(No. 189.)

(Telegraphic.) P.

St. Petersburg, June 27, 1910.

LOANS to Persian Government by groups of British financiers.

Your telegram No. 338 of the 23rd June.

I saw M. Isvolsky to-day, and his Excellency told me that it would be impossible for him to give me a definite reply on the above subject until he had heard from M. Kokovtsov, with whom he was in consultation. From what M. Isvolsky said to me, I gather that no difficulties are likely to be raised by the Ministry of Foreign Affairs.

[23176]

No. 621.

Mr. O'Beirne to Sir Edward Grey—(Received June 27.)

(No. 190.)

(Telegraphic.) P.

St. Petersburg, June 27, 1910.

RUSSIAN troops in Persia.

At my interview with M. Isvolsky to-day, his Excellency informed me that the Russian Government intended to replace the time-expired men who had left Tabreez

with an equal number of recruits. He observed to me that at Tabreez Russia was forced to assert herself, but at the same time he repeated his assurance that Russia intended at the earliest opportunity to withdraw her force from Kazvin.

[21652]

No. 622.

Foreign Office to Lieutenant-Colonel Cox.

(No. 1.)

Sir,

Foreign Office, June 27, 1910.

I AM directed by Secretary Sir Edward Grey to acknowledge the receipt of your despatch No. 2 of the 18th ultimo on the subject of the attitude to be adopted by His Majesty's Government in the event of the Turco-Persian frontier question being raised in its relation to the possessions of the Sheikh of Mohammerah.

In that despatch you forwarded copy of a letter from the acting British consul at Mohammerah, and support his recommendation that, in such circumstances, His Majesty's Government should declare themselves in favour of the line as locally recognised by the Turkish as well as Persian authorities; and reject that traced by the Mediating Commission in 1850.

In reply, I am to draw your attention to the terms of Sir E. Grey's despatch No. 146 of the 27th October last, addressed to His Majesty's Minister at Tehran, in which it was pointed out that the Turkish Government are in possession of a copy of the map prepared by the commission of 1850, and that, therefore, the line laid down by them can only be modified as the result of an agreement with Turkey. In view of this consideration, which cannot be overlooked in the discussion of the question, but of which your despatch under reply does not appear to take account, His Majesty's Government feel obliged to adhere to the decision conveyed to Sir G. Barclay in the communication above referred to.

I am further to point out, with reference to the third paragraph of your despatch of the 8th ultimo to His Majesty's chargé d'affaires at Tehran, copy of which is enclosed in your communication under reply, wherein it is contended that the fact that the line of 1850 throws the sheikh's residence and courthouse at Failla into Turkish territory constitutes a ground for supporting the locally recognised line, that as early as that year Sheikh Jabir of Mohammerah possessed a fort, if not a residence, at the same place, on the destruction of which, with that of another fort, the commissioners insisted on the ground that it rendered freedom of navigation to Bussorah uncertain.

His Majesty's Government, as you are already aware from Sir E. Grey's despatch above referred to, have no desire to disturb the *status quo* as locally observed, and if there were danger of the question being raised would devote their efforts to the prevention of such a contingency.

I am to add that the original maps mentioned in paragraph 11 of Lieutenant Wilson's despatch were lost in an accident which occurred at the mouth of the Thames to the ship which was bringing them to England, and were never recovered, while, with regard to those mentioned in paragraph 12, a careful search in the archives of His Majesty's embassy at Constantinople has failed to reveal any trace of them.

You should bring these facts to the knowledge of Mr. Wilson.

I have, &c.

LOUIS MALLET.

[23430]

No. 623.

Sir Edward Grey to Mr. Marling.

(No. 198.)

(Telegraphic.) P.

Foreign Office, June 28, 1910.

I HEAR from Count Benckendorff that Russian Government have been asked by Persian Government to accord formal recognition of Valialuk. M. Isvolsky assumes that Persian Government have asked us to do the same, and advocates a favourable reply from both Governments. Please ascertain exactly what has passed and report to me, since I have as yet received no such request.

[23176]

No. 624.

Sir Edward Grey to Mr. O'Beirne.

(No. 347.)

(Telegraphic.) P.

Foreign Office, June 28, 1910.

RUSSIAN troops at Kazvin.

I have seen Count Benckendorff, and represented to him that if Russian Government replace their time-expired men now, after so long an interval, it will look as if they were increasing their force, and that the explanation of the continued presence of Russian troops, especially at Kazvin, is becoming daily more difficult. I urged upon his Excellency that the Kazvin force should be withdrawn, specially as troops were to be sent to Tabreez.

His Excellency repeated that M. Isvolsky was anxious to withdraw Kazvin force, and I pointed out that, if opportunities for withdrawing them were let slip, they would never be withdrawn, and that the presence of the Kazvin force had been the cause of Darab Mirza's escapade.

[23399]

No. 625.

India Office to Foreign Office.—(Received June 29.)

THE Under-Secretary of State for India presents his compliments to the Under-Secretary of State for Foreign Affairs, and, by direction of Viscount Morley, forwards herewith, for the information of the Secretary of State, copy of a telegram to the Viceroy, dated the 23rd June, 1910, regarding the defence of consular establishments in Persia.

India Office, June 28, 1910.

Enclosure in No. 625.

Viscount Morley to the Government of India.

(Telegraphic.) P.

India Office, June 23, 1910.

SEE your telegram dated the 2nd June.

His Majesty's Government are of opinion, after consulting His Majesty's chargé d'affaires at Tehran, that increase of escort is not necessary for safety of consul at Kerman, where it does not appear that exceptional disturbance now exists. If only owing to state of road, it is undesirable to withdraw extra force from Shiraz. I await your recommendations as to consular buildings.

[23474]

No. 626.

Mr. Marling to Sir Edward Grey.—(Received June 29.)

(No. 267.)

(Telegraphic.) P.

Gulshah, June 29, 1910.

ADVANCE to Persian Government.

Please refer to your telegram No. 195 of the 21st June.

I learn that Moore is advising Persian Government to apply to Seligman for a loan.

[23476]

No. 627.

Mr. O'Beirne to Sir Edward Grey.—(Received June 29.)

(No. 192.)

(Telegraphic.) P.

St. Petersburg, June 29, 1910.

YOUR telegram No. 347 of the 28th June.

Russian forces at Kazvin and Tabreez.

I saw M. Isvolsky to-day, and his Excellency informed me that he had not yet received from Count Benckendorff any account of the conversation which the latter had with you yesterday.

[1722]

4 R

I read to M. Isvolsky your telegram above referred to, and added that Mr. Marling apprehended that the dispatch of reliefs to Tabreez might cause an outburst of resentment on the part of the Persians. I said that I understood that the serious incidents which had occurred recently were either in a fair way towards settlement or had been already settled. I asked his Excellency whether the Russian Government would not take the opportunity afforded by the dispatch of recruits to Tabreez to announce at the same time the withdrawal of the force from Kazvin. M. Isvolsky declared that he was as anxious as His Majesty's Government for the withdrawal of the troops from Kazvin, but said that the attitude of the Persians rendered such a step impossible. To say that all the recent incidents had been settled was not correct; Russia must insist on the recall of the Governor of Tabreez, and this demand had not yet been complied with. The papers to-day contained an announcement that a case of armed robbery had taken place on the Kazvin road. What would be the effect on public opinion if he chose this moment to withdraw the Russian force from Kazvin?

M. Isvolsky said, in conclusion, that he would do what he could to secure the early withdrawal of the force, but remarked that the decision did not rest solely with his department.

[22723]

No. 628.

Sir Edward Grey to Mr. Marling.

(No. 104.)

Sir,

Foreign Office, June 29, 1910.

I HAVE received your despatch No. 65 of the 26th April, reporting the new regulations issued by the Persian Government with regard to Persian subjects proceeding to the Island of Bahrein.

I approve your proposal to make no protest to the Persian Government in regard to this matter.

I am, &c.

E. GREY.

[22554]

No. 629.

Foreign Office to Imperial Bank of Persia.

Sir,

Foreign Office, June 29, 1910.

I AM directed by Secretary Sir E. Grey to acknowledge the receipt of your letter of the 22nd instant, in which you indicate the reasons for which you are unable to agree to the suggestion contained in my letter of the 18th instant, that the Imperial Bank of Persia should divide with the Russian Government the contract for the supply of arms and ammunition to the Persian Government.

With reference to the objection raised in the second sentence of the second paragraph of your letter, I am to state that the division which Sir E. Grey had in contemplation was that the Russian Government should supply the rifles and the Imperial Bank the revolvers, and I am to enquire whether your board would consider such an arrangement acceptable.

I am, &c.

LOUIS MALLET.

[23501]

No. 630.

India Office to Foreign Office.—(Received June 30.)

Sir,

India Office, June 29, 1910.

I AM directed by the Secretary of State for India in Council to acknowledge the receipt of your letters, dated the 18th and 22nd June, 1910, regarding the expected renewal by the Persian Government of their application for financial assistance from the British and Russian Governments.

Viscount Morley concurs with Secretary Sir E. Grey that the request, if made, should be complied with by a joint Anglo-Russian advance of 400,000*l.*, on the

understanding that foreign experts are engaged as advisers to the Persian Ministry of Finance, and subject to no further conditions except as regards security and provision for repayment in the event of a subsequent larger loan being floated. He agrees that the rate of interest may be reduced to 5 per cent.

As regards security, Lord Morley accepts the arrangement that the revenue of the whole of the Persian customs should be pledged to the service of the entire advance, but he would suggest that it should be made clear that the prior lien on the southern customs of the earlier loan of His Majesty's Government (290,000*l.*) and of the debt of the Imperial Bank of Persia will in no way be affected by the present joint advance—in other words, that none of the receipts of the southern customs should be applied to its service until the service of the other obligations has been fully discharged. It seems, moreover, of great importance that the accounts in respect of the advance—of payments of interest thereon and of repayments in respect of capital—should be kept distinct from those of the loan of 1903 and 1904, and that instructions in this sense should be issued to His Majesty's chargé d'affaires at Tehran.

Lord Morley agrees that, if the prior lien already held on the southern customs by His Majesty's Government and the Imperial Bank be preserved, the "quasi-fixed" charges on the whole of the customs of Persia may be made permanent, and he sees no objection to the suggested intimation to the Russian Government that His Majesty's Government will support them in their opposition to the proposal of the Persian Government for the free admission of silver for minting purposes.

He concurs in the proposal that the moment for informing the Persian Government that the two Powers are willing to make the advance may be left to the discretion of their representatives, and he will issue the necessary orders for payment to the Imperial Bank of the sum of 100,000*l.*, the Indian share of the advance, on learning that the Lords Commissioners of His Majesty's Treasury are making a similar payment.

I have, &c.

R. RITCHIE.

[23560]

No. 631.

Mr. Marling to Sir Edward Grey.—(Received June 30.)

(No. 268.)

(Telegraphic.) P.

Gulabek, June 30, 1910.

HIS Majesty's acting-consul at Kermanshah reports the outbreak of a somewhat serious insurrection in that province. Rebels have defeated the Governor-General, and Daoud Khan at the head of the Kalburs is threatening the town. As yet, there is nothing to indicate that the Turks are playing any part in the matter, but it is not impossible that they might find a pretext for sending troops in the disorders.

[23561]

No. 632.

Mr. Marling to Sir Edward Grey.—(Received June 30.)

(No. 269.)

(Telegraphic.) P.

Gulabek, June 30, 1910.

PASSPORT fees to Bahrein.

Please refer to my despatch No. 65 of the 26th April.

His Majesty's consul-general at Bushire reports that practice reacts unfavourably on his jurisdiction on Arabian coast, and asks for instructions.

[23583]

No. 633.

Mr. O'Beirne to Sir Edward Grey.—(Received June 30.)

(No. 193.)

(Telegraphic.) P.

St. Petersburg, June 30, 1910.

PROPOSED loans to Persian Government by private British firms.

Your telegram No. 338 of the 23rd June.

I have received an *aide-mémoire* stating that the Russian Government have no objection to the proposed advance of 400,000*l.* to the Persian Government by the Anglo-Persian oil group, provided that, previous to the transaction, the conversion of the debts due to the Russian Bank has been effected, and that the proposed advance is

not guaranteed on any revenues already pledged to the service of Russian loans. It is assumed by the Russian Government that the aims of the Anglo-Persian oil group are in no way political, and that their only object is to secure concessions for mines in the neighbourhood of Kerman and in the neutral zone.

The *aide-mémoire* states that the Russian Government are not in a position to express any opinion with regard to Séligman's or the international syndicate.

[23581]

No. 634.

Sir Edward Grey to Mr. Marling.

(No. 200.)

(Telegraphic.) P.

Foreign Office, June 30, 1910.

PLEASE report whether there is any truth in a statement which is in circulation here, and concerning which questions are being asked in Parliament, to the effect that Russian troops attacked Persian force which was sent to stop Darab Mirza, and that Ali Khan, a Persian general, was killed in the fight which ensued (see your despatch No. 87 of the 3rd instant).

[23560]

No. 635.

Sir Edward Grey to Mr. Marling.

(No. 201.)

(Telegraphic.) P.

Foreign Office, June 30, 1910.

INSURRECTION in Kermanshah (see your telegram No. 268 of to-day).

You should warn Persian Government that they will be held responsible if any attack is made on His Majesty's consulate. I presume you are urging them to do their utmost to put down the insurrection.

[22723]

No. 636.

Sir Edward Grey to Mr. Marling.

(No. 202.)

(Telegraphic.) P.

Foreign Office, June 30, 1910.

BAHREIN. (See your telegram No. 269 of to-day, on the subject of Persian passports for Bahrein.)

Suggestion in your despatch No. 65 of the 26th April that no protest should be made has been approved in a despatch from here dated yesterday. Do you still recommend this course, in view of Colonel Cox's request?

If you still consider that the best course is to make no protest, can you offer any other suggestion as to how to remove the difficulties of which Cox complains? It is not easy for us to make any useful suggestion without knowing what the difficulties are.